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19 AUGUST 1986

WEST EUROPE REPORT

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PAPER DESCRIBES 'OPEN FIGHT' OVER CP ROLE IN WORLD PEACE CONGRESS

'Textbook Example' of CP Work

Copenhagen BERLINGSKE TIDENDE in Danish 22 Jun 86 Sec III p 3

[Commentary by Jorn Mikkelsen: "Conflict Over Peace"; first paragraph is BERLINGSKE TIDENDE introduction]

[Text] Preparations for a big peace congress in Copenhagen are in full swing. Despite the peaceful intentions there is open warfare behind the scenes and accusations are flying. The Danish Communist Party is again playing a major role. A former Danish CP man who belonged to the party for 28 years talks about how the party gains control over arrangements of this kind.

There is something amiss with peace again. Once more things are not going at all peacefully. And once more the Danish Communist Party is playing a major role.

The reason for the current wrangling is the plan to hold a large-scale peace congress in Copenhagen based on the UN's International Peace Year. The congress, which will be held at Bella Center from 15 to 19 October, will officially be a broad forum for debate on peace and security, but in reality it will be solely a Danish CP undertaking in the view of broad groups of people. The congress will come up with onesided criticism of the United States and NATO while praising the latest Soviet arms control initiatives, they say. And what about Afghanistan?

The Social Democrats, Social Democratic Youth [DSU], the Joint Council of Danish Youth, the UN Society and all the nonsocialist parties backed out long ago. Socialist People's Party Youth [SFU] and No to Nuclear Arms are skeptical:

"The Soviet Foreign Ministry couldn't arrange a better congress itself. The sole purpose is to transmit Soviet foreign policy and there is good reason to fear that the congress will be even narrower than the previous congresses in Sofia in 1980 and in Prague in 1983. Preparations for the congress have been based on the ideas of the Danish CP. And the party

doesn't get its ideas out of thin air," said Troels Toftkjaer Jensen of No to Nuclear Arms.

Danish CP member Henning Bentzen, who is also a member of the Liaison Committee for Peace and Security, said: "We have heard that we are being accused of being tools of Moscow. That is utter nonsense. If the criticism is genuine, one simply must assume that the threat of war comes from the United States."

A number of peace groups, especially the Liaison Committee, and the Danish CP are now sponsoring the event. Of the 30 members of the Danish preparations groups, 10 are avowed members of the Danish CP, although the majority are listed as having affiliations with other groups.

The important thing is this: the daily work of the secretariat is run by the three Danish CP men, Henrik Brandt, Carl Rosschou and Per Markmoller. As all decisions made by the preparations group must be unanimous--or, as they say officially, based on a consensus with no dissenting votes--it is hard to win approval for alternative proposals to those presented by the secretariat. The Danish CP people can simply veto them.

Rosschou used to work at the World Peace Council headquarters in Helsinki, but now he is back in Denmark. The World Peace Council was founded in Moscow in 1949 and is a forum for socialist and Third World countries. According to Henning Bentzen of the Danish CP, the Soviet Union "naturally plays first violin" in the council. The current chairman is Indian Communist Romesh Chandra.

The World Peace Council's influence on the preparations for the peace congress is steadily increasing, according to Bjarke Moller of SFU. That is because the Danish CP has run into opposition to its line in the Danish preparations group and therefore some of the problems have been shifted over to the international preparations group, where 15 of the 21 members are associated with the World Peace Council.

Hermod Lannung

The president of both the Danish and the international preparations groups is 90-year-old former Radical Liberal Folketing man Hermod Lannung, who stated emphatically that the congress will be broad and open and that everyone will have a chance to speak out. Lannung also strongly denied the allegation that any criticism of the Soviet war in Afghanistan will be suppressed.

According to Henning Bentzen of the Danish CP the initiative for the peace congress came from the Liaison Committee for Peace and Security in the spring of 1985 at the same time as Hermod Lannung was considering the idea himself. Other sources say the idea came directly from the World Peace Council. Henning Bentzen denies this.

Bjarke Moller said the congress is being held in Copenhagen because Danish Communists are so highly regarded in the communist world. He also said that the congress will be used to profile the Danish CP.

"The policies of Danish Communists have been compromised to such an extent in this country, especially because of Afghanistan, that the Danish CP has an extra need to outline its profile on legitimate political issues such as peace. The peace congress can give them a boost if it is broad enough. This puts the Communists on the horns of a dilemma, listening to the signals from Moscow while at the same time trying to avoid having the congress here branded as a purely Danish CP initiative and turning into a giant flop," said Bjarke Moller.

Typical Danish CP Work

The not very peaceful preparations for the peace congress are described as a textbook example of how the Danish CP works:

"They profess a breadth and openness that simply do not exist. The Danish CP assumes that if it plays with an open deck of cards people will be scared off. Communists still believe they can attract a few naive people here and there. And they are probably right," said Troels Toftkjaer Jensen.

The Danish CP supplies the rank and file and the labor force and gets control of the broad apparatus because its members are simply more active than other people. This also means that they can monopolize the work at the very beginning and keep people with different opinions out. A widely respected person is used as a figurehead to provide credibility and then things start rolling.

That is also the recipe given by the former representative of the lithographers working for the party newspaper, LAND OG FOLK. Jens Jackie Jensen was a loyal party member for 28 years before resigning from the Danish CP in 1980. He knows the system from the inside. He has helped keep it going himself. Today he writes articles and produces radio plays in which he strongly rejects his old ideology.

This is his description of the typical procedure when the Danish CP wants to gain control over a popular movement under cover of its being broad and non-political--based on 28 years of experience:

"The formation of a grass-roots movement could also be called a recipe for organized spontaneity. Let us imagine that we are attending a Communist district leadership meeting in a suburb of Copenhagen.

"The chairman tells his comrades that the party's central committee has decided that a special effort should be made with regard to the peace issue.

"The orders are to form a committee that cuts across party lines. The comrades sigh deeply. They have tried this before. Many earlier attempts have ended in total failure. But the chairman encourages them by saying that

conditions seem favorable just now. They start discussing which people they can use. The selection is not great. This time too they will have to rely on repeaters. The first person mentioned is a doctor who has been used for almost everything. But although he is well-worn, he can still be used again. It is hard to wear a doctor out completely. People believe in doctors.

"The next name is that of an architect. One drawback is that he is a former party member. A renegade, in other words. On the other hand he has a good name and that is all they really want. The architect is listed--with contempt.

"The third possibility is a member of the Socialist People's Party [SF]. He belongs to a union committee. Few words are wasted on him. He is willing as long as he can get his name in print--without doing anything.

"A few weeks later one can read in the local papers that some respectable citizens in the community, who are apolitical for the most part, have formed a committee that cuts across party lines because they can no longer sit back passively and look at what is happening. It is true that when the activists came around looking for committee members they tried to excuse themselves by saying they did not have much time, but those behind the move were very understanding about that small problem. The progressive people they were asking to join them would not have to overexert themselves.

"The committee also happens to include a teacher, a housewife and a social worker, all party members in good standing without making a big issue out of it. These three take on all the practical work without complaining.

"They come up with committee statements, present them and get them approved. They arrange meetings and write letters to the newspapers. They are always well-prepared, always self-sacrificing--almost to the point of being self-effacing. But the key word is almost, for in reality it is these three Communists who make up the committee and the others are only there to provide an alibi. Presentable figureheads," Jens Jackie Jensen concludes his account in the periodical EPOKE.

Bjarke Moller of SFU adds: "Danish CP people have an incredibly committed working style. Politics represents their whole life and they are ready to work 15 hours a day. They regard work as a kind of religion that gives them social security. They see themselves as the chosen few who must stand together against the enemy."

Party Withdraws: Soviet Influence

Copenhagen BERLINGSKE TIDENDE in Danish 26 Jun 86 p 8

[Article by Nils Eric Boesgaard: "SF Says Peace Congress Too Red"; first paragraph is BERLINGSKE TIDENDE introduction]

[Text] A number of minimum demands concerning such things as a free debate must be met before SF will participate in the peace congress to be held in

Copenhagen from 15 to 19 October. SF does not want to listen to manifestoes, it wants to be allowed to discuss Afghanistan, among other things.

The Socialist People's Party will boycott the communist-controlled peace congress in Copenhagen unless at its next meeting in Geneva on 2-3 August the international secretariat for the congress accepts the party's compromise resolution, which closely adheres to the UN's seven-point plan for the Peace Year.

"We have already set the limit for the amount of dictation we are willing to accept from the preparations committee," Pastor Hans Nebel of SF told BERLINGSKE TIDENDE.

"There is a working program that we helped to prepare. It should have been presented and approved at the last meeting in Geneva. That is the minimum we can accept and it is based on the seven program points for the UN Peace Year. They include topics like peace and justice, arms reduction, the effect of the arms race on the economy and living in peace. We do not want to listen to manifestoes. We want to be allowed to discuss topics in workshop groups where people could talk freely about Afghanistan, Nicaragua and the civilian uses of nuclear power."

Pastor Hans Nebel, who is a member of the Danish preparations committee, confirmed the widely-held view of the congress that the international committee was set up at the meeting in Geneva recently because of dissatisfaction with the work of the Danish secretariat.

Possible Soviet Financing

But he did not wish to comment on rumors that both the World Peace Council and Soviet authorities, who are presumably financing a large part of the congress, are dissatisfied because the Danish secretariat has not succeeded in covering up the communist image of the congress.

This interpretation was also rejected by the head of the secretariat, Carl Rosschou, a member of both the Danish CP and the Liaison Committee for Peace and Security, a Soviet front organization. He said that on the contrary, it was intended to reinforce the Danish secretariat.

"It means there are more people available to do the work," he told BERLINGSKE TIDENDE, although it is hard to see how the international committee can help out with the remaining arrangements, which at this late date must involve things like finding housing, ordering buses and so forth, in other words things that require a high degree of local knowledge.

Rosschou told us that he and two other people handle the daily operations of the secretariat. The two others are Henrik Brandt of the Danish CP and the Liaison Committee and Jens Clausager of the Radical Liberal Party.

"I do not work full-time but I am here a lot," Rosschou said. In addition to the three people mentioned above, about 20 people help out with the preparations work from time to time.

It is primarily the World Peace Council, a Soviet front organization, and the Soviet government that have been dissatisfied with the fact that the Danish committee has spent too much time discussing who should be invited, especially whether or not to invite East European grass-roots movements like Solidarity and Charter 77.

Broad Undertaking

"They are dissatisfied that things have gone so slowly," Pastor Nebel told BERLINGSKE TIDENDE.

"In SF our clear goal for the congress has been to make it a broad undertaking and it will be as long as we participate. But we have had to discuss that a great deal with the Danish CP representatives on the preparations committee, among others.

"This has taken a very long time and we have not come as far as we hoped," he said and added:

"If we do not get the breadth that was the prerequisite for SF participation we do not think the congress will be everything it should be.

"We feel it is important to talk to the East European peace people. This includes the official peace organizations and it has struck me that many of the East European peace people have also expressed a desire for broad attendance at the congress. They are not interested in just coming over here and meeting western communists."

Radical Liberals Only Participants

Copenhagen BERLINGSKE TIDENDE in Danish 30 Jun 86 p 6

[Article by Nils Eric Boesgaard: "Radicals Support Peace Congress"; first paragraph is BERLINGSKE TIDENDE introduction]

[Text] The Radical Liberal Party is the only one of the established political parties planning to participate in the Soviet-controlled peace congress to be held in Copenhagen from 15 to 19 October. The reason is a stubborn hope that this will give the congress breadth.

The Radical Liberals do not intend to pull out of the Soviet-controlled peace congress that will be held in Bella Center in Copenhagen from 15 to 19 October.

"This has nothing to do with our veneration for the party's grand old man, 92-year-old Hermod Lannung, who officially initiated the congress.

"We are still convinced that we can give the congress the breadth some parties have called for, but I also hope that at some point this will help the other parties to come out of hiding," said the secretary of the Radical Liberal Party, Jens Clausager, who also represents the party on the peace congress preparations committee.

The Radical Liberal Party is the only one of the old parties in Folketing to agree to participate in the congress. The Socialist People's Party is also taking part in the preparations work but the party has demanded that some minimum requirements concerning the agenda and the free exchange of opinions be met. At the same time others, from the Social Democrats to the right wing, have declined on the grounds that this is a Soviet charade.

BERLINGSKE TIDENDE first asked party leader Niels Helveg Petersen for a comment on the involvement of the Radical Liberals in the peace congress, especially their surprisingly close cooperation with the Danish CP and the Soviet front organization, the World Peace Council. But he did not wish to comment and referred us instead to Jens Clausager as the party's "specialist" in this area. "Ordinarily the Radical Liberals have nothing to do with the Danish CP or the World Peace Council. But in my opinion neither the Danish CP nor the World Peace Council has had a greater influence on the congress than the rest of us have allowed them to have," said Jens Clausager.

"I do not care for the World Peace Council, its policies or the people it associates with," he added.

The World Peace Council was founded at a Cominform congress in Wroclaw in 1948. Its headquarters were originally set up in Paris but the organization was expelled. It then moved to Geneva where it was not wanted either and now it is located in Helsinki, whether the Finns like it or not. For a number of years the president and leader of daily operations has been Indian Communist Romesh Chandra but at a meeting in late March of this year the council chose Finnish Communist and peace activist Johannes Pakaslahti as secretary general.

Clausager denied that the peace congress in Copenhagen is turning into a Soviet-controlled charade.

"I do not doubt that the Soviet Union has ideas about the congress. But neither is there any doubt that the Radical Liberals, SF, the Campaign Against Nuclear Weapons and perhaps the Danish CP as well have their own ideas about this congress, ideas that do not necessarily harmonize with those of Moscow," he added. "But how can we have a dialogue without bringing different opinions together?"

The preparations committee for the congress has been sharply criticized for not having invited the alternative East European peace movements to attend--Solidarity in Poland, Charter 77 in Czechoslovakia and the Christian peace groups in East Germany.

"The Danish preparations committee unanimously urged all participating countries to include peace groups that normally do not participate in their national delegations," Clausager concluded. "We Radical Liberals will not make our participation in an international congress--and that is what this is, whether one likes it or not--contingent upon the participation of a dissident group."

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CSO: 3613/163

POLL FINDS VOTERS DOUBT SDP ABILITY TO HANDLE ECONOMY

Jorgensen Comments on Poll

Copenhagen BERLINGSKE TIDENDE in Danish 18 Jul 86 p 6

[Text] The voters think a Social Democratic government would not do as well at solving our economic problems as the present government. For example only 17 percent thought an SDP government could wipe out the balance of payments deficit.

Only 29 percent of the voters felt that a Social Democratic government would be better than the four-party coalition government at solving the country's economic problems, according to an opinion poll published today in BORSENS NYHEDSMAGASIN.

NYHEDSMAGASIN writes that in view of the fact that the SDP, the Socialist People's Party [SF] and the Left-Socialists [VS] received 45.8 percent of the votes in the January 1984 election, this represents a harsh sentence on a future SDP government alternative.

The poll, which was conducted for BORSENS NYHEDSMAGASIN by the AIM polling institute, indicated that only 17 percent of the voters felt that the SDP would be better than the nonsocialist government when it comes to eliminating the balance of payments deficit.

The voters were asked in June whether the current government or a Social Democratic government would be better at solving the country's economic problems in general. Here 41 percent named the four-party government and 29 percent an SDP government.

On the other hand, 45 percent of the voters thought an SDP government would be better at assuring "social balance," while 26 percent backed the current government.

Former Prime Minister Anker Jorgensen, chairman of the Social Democratic Party, commented on the AIM survey in NYHEDSMAGASIN:

"It is an assessment that is in conflict with all the facts. It is the non-socialist model that has failed," he said. "Prime Minister Poul Schluter's optimism has camouflaged some of the gravity of the government's problems."

Anker Jorgensen also said he will go into the next election as party chairman and candidate for the prime minister post and that former Labor Minister Svend Auken, the party's deputy chairman, would be "an excellent successor."

Minister Questions Left's Goals

Copenhagen BERLINGSKE TIDENDE in Danish 18 Jul 86 p 6

[Article by Per Lyngby: "SDP-SF Accused of Triple Deception"; first paragraph is BERLINGSKE TIDENDE introduction]

[Text] Education Minister Bertel Haarder (Liberal) has attacked the Social Democrats and SF. They cannot, as they claim, maintain the present economic policy and at the same time introduce the 35-hour work week, he said.

The SDP and SF policy is self-contradictory and a triple deception. They say they will not change the present government's economic policy, but at the same time they are promising big costly public improvements and a 35-hour work week.

Education Minister Bertel Haarder (Liberal) said that last night at a meeting in Oro. He elaborated on the triple deception by saying:

"In the first place a 35-hour work week for everyone will immediately stall the economic upturn. In the second place, curtailed work hours will make it impossible to fulfill any of their other promises to the voters. And in the third place such a policy will undermine all the basic elements in the economic policy they say they want to maintain," said Bertel Haarder.

He added that it does not help when former Tax Minister Mogens Lykketoft (SDP) assures us that a new government will maintain the important parts of the present government policy.

"He undoubtedly means this sincerely, just as previous Social Democratic finance ministers have been sincere when they advocated a tight economic policy. But they could not control their own people and they got no support from their leader, Anker Jorgensen."

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CSO: 3613/175

RADICAL LIBERAL PARTY HOPES NEW PUBLICATION HELPS PROFILE

Concern Over Ideology

Copenhagen BERLINGSKE TIDENDE in Danish 17 Jul 86 p 4

[Article by Thorkild Dahl: "Radicals Must Learn to Think Radically"; first paragraph is BERLINGSKE TIDENDE introduction]

[Text] The maintenance allowance compromise between the government and the Radical Liberals in 1984 did not split the powerful middle party, but the dissatisfied element stayed in the party to steer the Folketing group onto the right Radical course. The new paper RADIKAL REVY will be the place for long-range strategy, something the critics behind the paper feel has been ignored by the Folketing group.

"Being a Radical is not like having a key where one can look up all the answers."

These are wise words from the undisputed leader of the Radical Liberal Party, Niels Helveg Petersen, and generally speaking they mean that standpoints are not set in concrete and that there is a lot of political room in which to operate.

The problem is that while grass-roots Radicals may be satisfied with the party's powerful position, the debate will be lively when party members look for the answers that Niels Helveg Petersen says do not exist.

Niels Helveg Petersen is sitting in his summer house down in Tullebølle, Langeland, and in his own words he is deeply alarmed by the idea of a Social Democratic-Socialist People's Party government.

But others in the Radical Liberal Party are not so alarmed by the Socialist People's Party [SF] and in the Århus area a small group has been sitting around correcting the editorial in the new Radical grass-roots paper RADIKAL REVY. When they were through, it read: "The Radicals have it in their power to create the right conditions for a strong Social Democratic-SF government and that is what the party ought to do." The flirtation with Poul Schlüter must end.

The problem looks a little different in Langeland than it does in Arhus. But this will not continue to be true, for the group behind the Radical grass-roots paper RADIKAL REVY intends to shift the powerful Folketing group onto the true Radical course. RADIKAL REVY will be the debate forum where Radicals and radically-minded people can consider long-term Radical policy.

Instruction in Radical Ideas

RADIKAL REVY is not the Radical Party's paper, but offers friendly instruction in Radical ideas as presented by the group that almost broke off part of the party in 1984 in a state of strong indignation over the maintenance allowance compromise with the government. The idea behind this was that people who had been unemployed for longer periods of time would be offered training or assistance in becoming self-sufficient instead of jobs. The Radical left wing did not believe the training offer was genuine and feared that the compromise actually represented a sorting out of the long-term unemployed into what the left wing in Folketing called the "social trash can"--the lowest rate under the Assistance Act.

Some Radicals became Greens at that time, but a group led by former Radical Folketing member Sven Skovmand decided to stay in the party and try to form small working groups to prepare Radical ideas for the Folketing group.

But the alternative working groups met with the same fate as so many other officially appointed party working groups--meeting activity fell off.

When Radicals at the organizational level want to consider ideas, a big group is set up under the executive committee and the debate stops there, according to the Arhus group, so the only viable course of action is to assemble likeminded people within easy commuting distance of each other.

And it is opportune that the Arhus Radicals have a long tradition of defining the views of the left wing of the Radical Party. Members in the Arhus district point out that this was also true before the day of Niels Helveg Petersen.

In addition to Sven Skovmand, the group consists of theologian Jens Jermin Nielsen, business manager Torben Dreier, illustrator Anita Bahrendt and Dr Ejner Hviid Jensen.

The group of people solely responsible for RADIKAL REVY both ideologically and financially is a small one but the effort is aimed at a broader circle.

Sven Skovmand has no doubt that a third of the party's approximately 10,000 members back the demand for Radical support of an SDP-SF government and the executive committee, of which he and Ejner Hviid Jensen are members, is also receptive to the group's views.

The politicians in the powerful Folketing group see things differently. Niels Helveg Petersen regards SF as an irresponsible party and he is backed

by the group's deputy chairman, Ole Vig Jensen. But the group has received the support of Folketing member Aase Olesen.

Spending Their Own Money

It is this powerful group that must change direction. The Arhus group says frankly that the "Radical Folketing group determines most of what happens in Folketing" and the task of RADIKAL REVY will be to criticize and create ideas.

The paper is not read by all Radical Party members, but that is the goal. At the moment the Arhus group is spending its own money on the debate paper, which is now being printed in an edition of 1,000 copies.

The offensive will come in September. The party congress will be held on 20 and 21 September at Hotel Nyborg Strand and if the Arhus group has its way, the debate will concern more than the routine details of the political arena at Christiansborg, for "the Folketing group always gets into trouble."

Radicals must think in long-range terms. Strategy will be the key word, as former director of Thrige-Titan, Steen Dano, has already told the executive committee.

The next issue of RADIKAL REVY will have room for another criticism of the Folketing group and the congress should be in no doubt that there is still life in the people behind the 1984 rebellion.

Newspaper on Party's Problem

Copenhagen BERLINGSKE TIDENDE in Danish 17 Jul 86 p 10

[Editorial: "Radical Radicals"]

[Text] The Radical Liberals are split on their attitude toward the dream prospect--or nightmare--of a government consisting of the Social Democrats and SF. But it is a split that Niels Helveg Petersen can take very lightly. For it is nothing new and it would be much more surprising if it did not show up.

The Radical Liberals have a left wing with roots in old cultural radicalism and nourished by the grass-roots movements whose base color is green touched off by red stripes. Political activity is high in these groups--so high that they are also able to send out their own paper. Here EC opponents, led by Sven Skovmand, can exchange views with the not insignificant number of party officials who mechanically try to turn to the left when a course has to be set. The Radical Liberal Party has always been a balancing party which from its position in the middle of the political spectrum has tried to divide its favors equally between what the party views as the two sides in Danish politics. The course has most often been set in the wake of the Social Democratic Party, but since 1981, when the Radicals were worn out by the Social Democrats in their effort to hold onto government power, the party's

Folketing group has sized the situation up clearly. That was the green light that formed the parliamentary basis for the present government.

Niels Helveg Petersen's hand has not faltered at any time since then. Some people have called him the country's real ruler, while others--most recently Ritt Bjerregaard--have deplored his betrayal of basic Radical standpoints. The simple fact is that Niels Helveg Petersen has formed the clear and accurate impression that Radical voters are sick and tired of the economic myth with which the Social Democrats have tried to tie the party's hands. He formed that impression in the full knowledge that his own left wing would be breathing down his neck. That was clearly expressed in the 1984 budget compromise and the same group is now trying to create doubts about the future. The radical Radicals have a tradition of being eloquent and vociferous, but although they have quite a few supporters in the local party associations and thus at party congresses, it is they and not the majority of the Folketing group who lack contact with Radical roots. Cultural radicalism traditionally plays a big role in the public debate. But as a political power factor it has never had much impact. That also applies to the Radical Liberal Party.

6578

CSO: 3613/175

GOVERNMENT DECIDES AGAINST FALL ELECTION DESPITE VOTE SETBACK

Reykjavik MORGUNBLADID in Icelandic 23 May 86 p 3

[Article: "Government Parties Discuss Parliamentary Elections: Evaluation of Position of Wage Affairs Most Important—Local Election Results Not a Reason For Fall Elections"]

[Text] Politicians are currently discussing within their groups the next big event in the political arena, namely the parliamentary elections, and whether in fact to hold them this fall. Within the political parties, the most prominent views are that the outcome of the elections this Saturday does in itself not provide the reason to resolve Althing. On the other hand, many difficult tasks are waiting to be solved, tasks that would more easily be solved if greater stability prevailed in the political arena. In this instance, the discussions mostly evolve around the next wage agreements which might coalesce with the election campaign if the elections were to be held in April next year when the term expires.

The parliamentary group of the Independence Party met on Thursday and the party's central committee met on Friday. The topic at the meetings were the prospects in politics now. According to MORGUNBLADID's sources, it was a common view that the outcome of the local elections did not provide a reason for a decision to aim for elections in the fall. The opinion was, however, that in view of the tasks that confront the political arena, people must consider whether better solutions are to be expected by calling for elections earlier than prescribed. No decisions were made in this matter, neither by the parliamentary group nor the central committee of the Independence Party.

This dual view also emerges in an editorial in TIMINN, the Progressive Party organ, on Wednesday. Firstly, no reasonable arguments call for the government to dissolve parliament and resign because of the elections results on Saturday. Secondly, no affirmation can be made about whether other reasons will cause parliamentary elections to take place sooner than prescribed by law. Among the Progressives, voices can be heard stating that the position of the Progressive Party is so weak that the party will need more time than until this fall to recoup.

The issues that will be the deciding factor among the government parties when the decision on this matter will be taken are finalizing the budget before the turn of the year and the position of wage affairs at the turn of the year when the wage contracts expire. It is being pointed out that it has never proven profitable to call for parliamentary elections at the same time that a battle is taking place about wages and benefits; and that there is more at risk there now than often before as the goal is to stabilize inflation to a permanent level. It is not possible to expect sensible wage contracts unless they are founded on a secure political basis.

According to an agreement between the government parties, Althing will not be dissolved, and elections will not be called except with the approval of both parties. The last parliamentary elections were held 23 April 1983. It has also been discussed among politicians when selecting election date whether parliamentary elections must be held before 23 April 1987, or whether it suffices that parliament is dissolved before 23 April 1987 and the election date decided within 2 months from that date. This is a matter of an interpretation of the provisions of the Constitution.

9583

CSO:3626/36

POLL SHOWS BARE MAJORITY SUPPORTS GOVERNMENT

Reykjavik MORGUNBLADID in Icelandic 23 May 86 p 3

[Article: "University of Iceland Institute of Social Sciences Poll: Government Support 52.4 Percent"]

[Text] According to a poll conducted by the Institute of Social Sciences of the University of Iceland for MORGUNBLADID, the government has 52.4 percent of the voter's support. The support for the government is 58 percent among men and 46 percent among the women. These figures are based on the participants who took a position in the poll.

The study involved how the government supporters were divided in their position to the political parties. It came forth that the government has the support of 88 percent of the voters of the Progressive Party and the Independence Party; 42 percent of the voters of the Social Democratic Party; 31 percent of the voters of the Social Democratic Alliance; 19 percent of the voters of the Women's List and 7 percent of the voters of the People's Alliance.

The poll was a link in a study of national issues conducted by the Institute of Social Sciences which was conducted during the period of April 26 to May 5 of this year. The poll covered 1,500 voters 18-years of age and older nationwide. Responses were received from 1,116 people. The question was: Are you in favor of the government or against it? Of the total, 558 said that they supported the government; 223 did not take a position for or against the government (both and neither); and 284 said that they were opposed to the government; 19 participants refused to answer and 32 answered "don't know."

The following table shows the position taken by the participants to the government based on how they plan to vote in the parliamentary elections. Those who refused to answer the question about the position to the government and those who answered "don't know" are not included. Also, the five individuals who said that they planned to vote for the Humanist Party are not included in the table. Special attention is called to the fact that because very few responders say that they intend to vote for the Social Democratic Alliance, the figures for that party must be interpreted with great precaution.

Position with respect to the government:

Parliamentary vote:	Support:	Both and/ neither:	Oppose:	Total:	All:
Social Democratic Party	42%	17%	42%	101%	(106)
Progressive Party	88%	7%	6%	101%	(108)
Independence Party	88%	8%	4%	100%	(319)
People's Alliance	7%	12%	81%	100%	(110)
Social Democratic Alliance	31%	19%	50%	100%	(26)
Women's List	19%	21%	60%	100%	(62)
Probably not the Independence Party	25%	43%	32%	100%	(60)
Will not vote/blank ballot	25%	50%	26%	101%	(117)
Refuse to answer	43%	30%	27%	100%	(83)
Don't know	40%	48%	12%	100%	(65)

9583

CSO:3626/36

POLL INDICATES LARGE GAIN FOR INDEPENDENCE PARTY

Reykjavik MORGUNBLADID in Icelandic 25 May 86 p 2

[Article: "Hagvangur Poll Survey of Party Support in Parliamentary Elections: Considerable Gain in Support for Independence Party"]

[Text] People's Alliance, Progressive Party and Social Democratic Alliance Lose Support

A poll conducted by Hagvangur for MORGUNBLADID shows that the Independence Party would receive 43.6 percent of the votes if parliamentary elections were to be held in the next few days. In the 1983 elections, the party received 38.7 percent of the votes, and in a poll conducted by the Institute of Social Sciences earlier this month, the party received 39.8 percent. The Social Democratic Party and the Women's List also added support from the last elections, but do, however, have less support than the Institute of Social Sciences poll showed. The People's Alliance, the Progressive Party and the Social Democratic Alliance do, however, lose support compared with the elections and the Institute of Social Sciences poll.

If only the voters who took a position are counted, 15.4 percent intend to vote for the People's Alliance; 15.0 percent for the Social Democratic Party; 2.9 percent for the Social Democratic Alliance; 14.8 percent the Progressive Party; 7.4 percent for the Women's List and 0.8 percent for the Humanist Party.

The Hagvangur poll was conducted during the period May 9-19 of this year and the sample included 1,000 people, 18 years of age and older. Responses were received from 781 voters, or 78.1 percent of the sample. The question was: "If the parliamentary elections were to be held in the next coming days, which political party or alliance are you most likely to vote for?" If the participant was uncertain, the question was also asked: "What political party or alliance are you most likely to vote for?" Of those asked, 29 (3.7 percent) intended to turn in a blank ballot; 41 (5.3 percent) did not intend to vote; 144 (18.4 percent) answered "don't know" and 81 (10.4 percent) refused to answer.

The participants were also asked about their position to the government. Of those, 51.1 percent said that they supported the government; 31.1 percent said that they did not support it; 14.1 percent answered "don't know" and 3.7 percent refused to answer.

PARLIAMENTARY ELECTIONS

Proportional support if only those who took a position are counted.

	Election Results	May 1986	Mar 1986	Des 1985	Jun 1985	May 1985	Feb 1985	Sep 1984
People's Alliance	17.3	15.4	18.6	14.6	12.0	12.2	10.8	16.1
Social Democratic Party	11.7	15.0	11.9	16.2	16.0	21.3	20.5	7.0
Social Democratic Alliance	7.3	2.9	5.3	4.3	7.7	5.4	6.0	6.2
Progressive Party	18.5	14.8	15.7	13.0	11.0	11.9	9.9	14.6
Independence Party	38.7	43.6	38.8	42.1	43.6	41.2	40.4	45.7
Women's List	5.5	7.4	8.9	8.9	9.1	7.4	11.2	8.9
Humanist Party		0.8	0.8	0.8	0.6	0.6	1.2	
Other	1.0							1.5

The table shows the election results of the 1983 parliamentary elections and the results of polls conducted by Hagvanger since then.

9583

CSO:3626/36

PA CHAIRMAN: ELECTION RESULTS JUSTIFY FIGHT TO MOVE PARTY LEFT

Relates Opposition to NATO

Reykjavik MORGUNBLADID in Icelandic 23 May 86 p 9

[Commentary by 'Staksteinar:' "The Progressive-Narrow Will Mend All Evil. Reflections by Hrobjartur on the Good Campaign Issues"]

[Excerpt] The Backfire of the Year"

Today, STAKSTEINAR will discuss the party chairman's historical slip of the tongue, which went undetected by most people, in the radio debates just before the last recess of the Althing. The fact that almost no one noticed the "backfire" shows, first and foremost, how totally hackneyed some of the radicals' slogans have become. It is possible to change the word order of the slogans—and the meaning—if the rhythm is maintained, without anyone noticing it at all. Nonetheless, these slogans are the livelihood of the radicals, although the lack of substance is piercing to the ears. Also discussed will be THJODVILJINN's pleasantries about the Progressive Party madam who is a part of the cooperation in city affairs which is the other alternative in the upcoming city elections.

"Iceland Out, the Defense Force Out of NATO"

A STAKSTEINAR friend who taped the radio debates from the Althing called attention to People's Alliance Chairman Svavar Gestsson's slip of the tongue underscores how hackneyed some of the slogans have become.

This involves a strange argumentation incident in a speech of the chief, or the People's Alliance superior pope" when he delivered his speech in the kitchen debates what were broadcast," as our friend stated it, "in the Althing shortly before the recess of parliament...It seems as if the slogan record has been played so often that almost no one noticed this "backfire"; at any rate not the big shot who knows everything better than anyone else, Svavar Gestsson himself, but let's listen." And this is the party chairman's verbatim "backfire" in the radio debates:

"The People's Alliance has held a special position in foreign affairs; it has wanted to promote peace and disarmament; it has wanted to keep Iceland outside military conflicts; it has wanted Iceland out and the Defense Force to leave NATO."!

"Iceland out and the Defense Force out of NATO," said the party chairman as the whole nation listened and nobody noticed the change of word order in the slogan.

"I wonder where they are planning to send Iceland," said STAKSTEINAR's friend and "I wonder what they are going to do with the Defense Force after it has left NATO"? But all jest aside, it certainly looks like that the clamor of slogans is near collapse, as almost no one notices this "backfire of the year." This might constitute an interesting research material--or perhaps not!

Election Results Claimed Vindication

Reykjavik MORGUNBLADID in Icelandic 4 Jun 86 p 28

[Editorial: "Going Left?"]

[Text] There is reason to call attention to the fact that Svavar Gestsson, chairman of the People's Alliance, wants to share in the increased support for the Social Democratic Party in the elections on Saturday. Gestsson interprets the results to convey a promise of cooperation of the leftist powers, the People's Alliance, the Social Democratic Party and the Women's List. In an interview in MORGUNBLADID, the People's Alliance Chairman feels that it is "natural and a matter of course that in continuation of these results, socialist powers in the country, which are mainly to be found in the People's Alliance, the Social Democratic Party and the Women's List, will put an emphasis on winning a majority in the next parliamentary elections. I do not see winning such a majority as remote a possibility as before after these election results."

Svavar Gestsson's statements about the victory of the Social Democratic Party being useful to the People's Alliance and that it is a promise of a leftist government in the country take on increased importance when it is taken into account that the leaders of the Social Democratic Party, for example, in Hafnarfjordur and Kopavogur do not look towards any other party with an offer to cooperate than the People's Alliance. People's attention is also directed to the fact that Svavar Gestsson and Jon Baldvin Hannibalsson, chairman of the Social Democratic Party, held a joint meeting in Siglufjordur May 1 of this year. That cooperation is surely to be viewed in the grand political light; Gestssons words now after the elections support this view. Votes cast for the Social Democratic Party are in his opinion support for a leftist government in national affairs.

MORGUNBLADID doubts that those who voted for the Social Democratic Party in the local elections did fully realize that they were declaring their trust in Svavar Gestsson and the People's Alliance in national affairs. It is much more likely that the honorable voters had their mind set on the proposal Jon Baldvin Hannibalsson, chairman of the Social Democratic Party, made to the Independence Party. Of everything Jon Baldvin Hannibalsson has said after he was elected chairman of the Social Democratic Party, his statements about the Social Democratic Party cooperating with the Independence Party in the government are probably what the public remembers.

Now, after the elections, the ALTHYDUBLADID [Social Democratic Party organ] states the following in an editorial: "In continuation of these elections, socialists and labor movement supporters within the Social Democratic Party and the People's Alliance need to increase their cooperation." The question arises whether Jon Baldvin Hannibalsson is of that opinion? If that is the case, he should tell the Social Democratic Party voters that straight out that a vote cast for the party is support for Svavar Gestsson and the People's Alliance. Anything else is dishonest.

If the movement of votes in the 1982 local elections and in the elections that took place now is viewed, it comes to light that the Social Democratic Party has barely recovered the support it lost then. In 1982 the Social Democratic Party lost 4.9 percent of its total support but now the party increased it by 4.7 percent. The People's Alliance, however, lost 6.8 percent of its total support in the 1982 local elections and now the party increased it by only 1.8 percent (the Women's List lost 1.9 percent now). From these figures it is not possible to draw the conclusion that the voters were taking a decisive step to the left on Saturday. If that was the case, they would have streamed over to the parties that dare flaunt the leftist policy both before and after the elections: the People's Alliance and the Women's List.

The Social Democratic Party voters have the right to demand that the leaders of the party make it clear without any doubt whether Svavar Gestsson speaks on their behalf; he looks at it as "normal and a matter of course" that votes cast for the Social Democratic Party are votes cast for a leftist government.

Party Newspaper Editor Duels

Reykjavik MORGUNBLADID in Icelandic 7 Jun 86 p 9

[Commentary by 'Staksteinar:' "THJODVILJINN: Board Elections Conflict"]

In a Labyrinth

When the battlefields within the People's Alliance were covered in STAKSTEINAR yesterday and the fierce conflict within the THJODVILJINN publishing association was viewed, there was a misunderstanding in the battle description, namely that the fighting factions had agreed on Ragnar Arnalds as a candidate in the seat of Kjartan Olafsson, former editor of THJODVILJINN, on the board of the publishing association. The truth is that no agreement was reached about Ragnar Arnalds' candidacy. Even the THJODVILJINN reporters are

having a hard time figuring out what happened at the meeting of the publishing association, as will be reported in STAKSTEINAR today.

Asmundur Stefansson's Correction

In a news report in THJODVILJINN on Thursday about the meeting of the publishing association it is stated: "A certain group of people within the publishing association wanted Alfheidur Ingadottir and Asmundur Hilmarsson on the board and stuck with it, despite the fact that an agreement had been reached before between Svavar Gestsson, Olafur Ragnar Grimsson and Asmundur Stefansson that Ragnar Arnalds, member of parliament, would take Kjartan Olafsson's seat who had decided to resign from the board if that would lead to unity about the proposal made by the trio. That unity was not reached, and a motion was not made and consequently the elections were held."

Asmundur Stefansson, chairman of the Iceland Federation of Labor, corrected this news report in THJODVILJINN yesterday. It is stated, among other things:

"At a meeting of the THJODVILJINN publishing association the evening before last, it was clear that both parties [with these words, Asmundur Stefansson is referring to those who supported Sigurjon Petursson in the Reykjavik city elections, on the one hand and the THJODVILJINN clique on the other] had campaigned hard; not only one, as indicated by the paper. Many people were upset. It is correct that I and Olafur Ragnar Grimsson discussed whether it was conceivable to make a motion on which a compromise could be reached. Both of us talked individually with various other people attending the meeting to check on views in general, and after checking on this, I informed Olafur Ragnar Grimsson that I was prepared to sponsor a motion for Alfheidur Ingadottir to replace Kjartan Olafsson on the board of the publishing association but the executive board would in other respects remain unchanged. Olafur Ragnar Grimsson agreed to check the views of several of the people attending the meeting on this idea. The editor of THJODVILJINN was standing beside Olafur Ragnar Grimsson when this took place, and he is therefore fully aware of what we said. I also expect that he knew that shortly afterwards Olafur Ragnar Grimsson informed me that there was not a basis for a joint motion. It is therefore incorrect that there was an agreement among us about making a motion in this matter."

Ossur Skarphedinsson Responds

Ossur Skarphedinsson, editor of THJODVILJINN, who Asmundur Stefansson claims was a witness to the conversation between him and Olafur Ragnar Grimsson, responds to the corrections of Asmundur Stefansson as follows in THJODVILJINN yesterday:

"Asmundur Stefansson is incorrect when he states that I had been present at an annual meeting of the THJODVILJINN Publishing Association or that I had participated in discussions between him and Olafur Ragnar Grimsson about a compromise motion nominating Alfheidur Ingadottir to replace Kjartan Olafsson, former editor of THJODVILJINN, as principal member on the board.

I was, however, present when a motion on nominating Ragnar Arnalds, chairman of the parliamentary group of the People's Alliance, as the principal person replacing Kjartan Olafsson and Alfheidur Ingadottir and Asmundur Hilmarsson, as the first and second alternates. That motion did not carry, as is well known."

Here we have in fact a statement against statement, just like steel on steel, but that is exactly how it looks within the People's Alliance labyrinth; there are factions in full battle regalia fighting one another; one aligns itself with Svavar Gestsson and the other with Olafur Ragnar Grimsson.

"Well-Known Consequences"

Sigurjon Petursson became the target of the fighting factions in the People's Alliance in the city elections, and in fact, so was Party Chairman Svavar Gestsson. Asmundur Stefansson refers to all these matters in his correction in THJODVILJINN yesterday:

"Recently, there have been some disputes within our excellent party. It is nothing new to have disagreements within the party, but this time, the disputes have taken on a rather strange format, for example, when the THJODVILJINN leadership protested against the party chairman as the spokesman at the Reykjavik election rally and rejected Sigurjon Petursson, the first man on the party's list in Reykjavik, as the party spokesman the evening before the elections, with the well-known consequences."

This is a direct shot at Ossur Skarphedinsson, editor of THJODVILJINN, who forced his way into the television program the evening before the elections. The well-known consequences were that he pushed away support for the People's Alliance and the whole nation realized that the editor is afraid to live up to his words.

Party Editor Opposes Chairman

Reykjavik MORGUNBLADID in Icelandic 12 Jun 86 p 4

[Article: "New THJODVILJINN Editor: Reporters Opposed to Hiring Gestsson---Publishing Board Makes Decision Monday"]

[Text] Today, the THJODVILJINN reporters are holding a meeting about their future, or in other words, whether they would submit mass resignations if the outcome of the first meeting of the newly elected THJODVILJINN publishing board this coming Monday will be to hire Svavar Gestsson, chairman of the People's Alliance as editor of the paper, along with Ossur Skarphedinsson and Arni Bergmann. It is considered definite that the majority of the THJODVILJINN publishing board will make a motion at the meeting to hire the chairman. It is considered equally certain that today or tomorrow, Svavar Gestsson will report to the publishing board that he is prepared to accept the job.

There has been great excitement within the People's Alliance in the past days after it became clear that seven of eleven persons on the THJODVILJINN publishing board wanted to make the chairman an editor of the paper. The people in that group are: Adda Bara Sigfusdottir; Alfheidur Ingadottir; Ragnar Arnason; Helgi Gudmundsson; Sigurjon Petursson; Ulfar Thormodsson and finally the party chairman himself, Svavar Gestsson. These seven people belong to the People's Alliance wing which recently has been identified with the "party owners."

Those who are opposed to the hiring of Svavar Gestsson belong to the wing of the party which is identified with the party's "democratic power." They are: Olafur Ragnar Grimsson; Kristin A. Olafsdottir; Mordur Arnason and Olga Gudrun Arnadottir. Besides, it is believed that the majority of the THJODVILJINN editorial board is opposed to this measure.

Reporters Confer Today

The THJODVILJINN reporters plan to confer today and coordinate whatever measures they will take if the aforementioned hiring becomes reality. MORGUNBLADID's sources say that mass resignations of the editorial staff are imminent if Svavar Gestsson is hired as editor. One of THJODVILJINN's reporters said in a conversation with MORGUNBLADID yesterday: "We who have worked on building up THJODVILJINN in the past years are, of course, unable to accept a return to the past with regard to the paper's editorial policy, but we feel that it is unavoidable if Svavar Gestsson is hired as editor."

Some uncertainty prevails about what Ossur Skarphedinsson, editor, plans to do if Svavar Gestsson is hired. Sources say that in fact he will be forced to resign. Skarphedinsson has not made any declarations about what he plans to do, nor has he discussed his views with the staff of the editorial board. It is believed that he does not want to influence in any way what measures the reporters resort to. It was not possible yesterday to contact Skarphedinsson and ask him about his position in this matter. The same applies to Svavar Gestsson, chairman of the People's Alliance.

"I Do Not Know About Any Majority"

Yesterday, Alfheidur Ingadottir was asked whether there was a desire among the majority of the THJODVILJINN publishing board to hire Svavar Gestsson: "I do not know about that. I do not know about any majority, or whether there is any majority or minority there, neither with respect to this matter nor any other. I am not speaking on behalf of anybody. I only speak for myself. I fully support the words of Ulfar Thormodsson to the effect that if THJODVILJINN has the opportunity to acquire such a worker as Svavar Gestsson as editor, I would find that far from absurd," said Alfheidur Ingadottir.

Ingadottir was asked whether she did not think that hiring the party chairman to fill the editorial chair of THJODVILJINN would not cause dissolution and resignations on the THJODVILJINN editorial board: "I can't imagine that," said Ingadottir, "it is not as if somebody from the outside is being hired, and he is primarily a professional in journalism and editorial work. That is of the

utmost importance. I can clearly see the need to increase the number of people on the THJODVILJINN editorial board, and I have always been of that opinion."

"Watches the Endeavour to Want to Postpone the Future"

Oskar Gudmundsson, editorial representative of THJODVILJINN, was asked his opinion on this matter yesterday: " The tendency to postpone the future has prevailed among several very powerful THJODVILJINN people. This applies especially to the position to mass media. This view is also apparent elsewhere. Since Kiddi [Kristjan Finnbogason] Finnboga and Alfred Thorsteinsson could make a "comeback" with TIMINN, why should Svavar Gestsson not be able to make a "comeback" with THJODVILJINN. Aside from that, I do not think that Asmundur Stefansson will gain anything by having an editorial representative with THJODVILJINN."

One of the spokesman for the majority of the publishing board said in a conversation with a MORGUNBLADID reporter yesterday that it was clear that the will of the majority of the publishing board is to hire Svavar Gestsson as editor on THJODVILJINN. One could say that the matter is finalized, although a formal response from the chairman has not been received. He said that it was incorrect to interpret this hiring as an attack on Ossur Skarphedinsson as this was only a matter of filling the gap that had formed when Kjartan Olafsson resigned as editor several months ago. This was primarily being done to strengthen the unity labeled "party-paper."

He said that he did not fear that Skarphedinsson would resign as editor if Gestsson is hired. That is absurd. He said, however, that he thought that some of the THJODVILJINN reporters would resign in the wake of Gestsson's hiring but they are reporters who had been thinking about leaving anyway.

9583

CSO: 3626/35

NEWSPAPERS COMMENT ON MEANING OF LOCAL ELECTION RESULTS

Conservative Newspaper Interprets Results

Reykjavik MORGUNBLADID in Icelandic 3 Jun 86 p 36

[Editorial: "Election Results"]

[Text] The Independence Party maintained its majority in Reykjavik and increased its following from the 1982 elections. This is a fabulous result, especially when taking into consideration that the support for the Independence Party decreases in the densely populated area, from Akranes to Vestmannaeyjar, if Mosfellssveit is excluded. The victory of the Independence Party in Reykjavik is also a great personal victory for Mayor David Oddsson. The proportional support for the Independence Party, 52.7 percent, is comparable to what it has been best for the party in recent decades.

The support for the Independence Party in Reykjavik is the backbone of the party nationwide. The increased support in the capital now leads to the fact, that the Independence Party will make less of its losses in other municipalities, especially in the southwestern corner of the country, than it would otherwise have done. In the southwestern corner, there has been some fluctuation away from the Independence Party; it lost its majority in Njardvik and Vestmannaeyjar which it won in the 1982 elections. On the other hand, the Independence Party won a majority in Olafsfjordur and Grundarfjordur; it strengthened its position considerably in Isafjordur; the party maintained its support in Dalvik and did better than that in Akureyri.

The support fluctuation is greatest to the Social Democratic Party which added 4.7 percent of the votes when looking at the country as a whole based on the 1982 local elections. The election results for the party are the best in Keflavik where it won a clear majority, and in Hafnarfjordur where it again became the largest party. It is possible to compare this increased support for the Social Democratic Party now with what happened in the 1978 elections but then the Independence Party also lost considerably, resulting in a loss of its majority in Reykjavik. In 1978, the Independence Party was in the government and was party to unpopular measures to reduce inflation. It is not unlikely that dissatisfaction due to economic and employment conditions is the cause of decreasing support for the party now, as it was at that time. There is dissatisfaction among people in many places because of living conditions

and wages; that fact cannot be escaped. It is, however, clear that the conditions in each place must be considered in order to obtain the correct picture of what happened there.

The support for the Independence Party decreased by 2.5 percent total from the local elections in 1982. If only the support for the party in municipalities is considered, it seems to be on the average, compared with local elections during the last 20 years, or since 1966. The support for the Independence Party remained relatively stable 1966 and 1970; there was a great increase in support in 1974; the support decreased in 1978; increased in 1982 and is now similar to what it was in 1966 and 1970.

The Progressive Party lost 2.9 percent nationwide and fared very poorly in many places. The position of the Progressive Party now calls to mind the difficulties that the Social Democratic Party had gotten into in 1971 after 15 years in the government. The Progressive Party has been in the government since 1971. The party has become especially weak in the most densely populated area of the country. Although the Progressives in Reykjavik take solace in the fact that they have gained and won compared to the conclusions of the polls, they lost 2.5 percent of the votes in the capital. The Progressive Party is now the smallest party in Reykjavik, excluding the Humanist Party which considered it a victory to overcome the "1 percent wall." Even in Akureyri, the Progressive Party landed in third place after the Independence Party and the Social Democratic Party, and the Progressives lost their majority in Dalvik.

The People's Alliance requested to be viewed as the main competitor of the Independence Party in the election campaign in Reykjavik. The party was leading the left in the city. The response of the Reykjavik voters was not in accordance with THJODVILJINN's arrogance. The People's Alliance increased its support by 1.3 percent in the capital but the Women's List lost 2.8 percent there. Nationwide, the People's Alliance increased its support by 1.8 percent and the Women's List lost 1.9 percent nationwide. It must be assumed that the People's Alliance did not succeed in its plan in these elections. The party did not succeed in attracting the support that left the government parties. The party does not seem to appeal to people who switch parties between elections, if one can phrase it like that. It is likely that the consequences of the elections will be most difficult within the People's Alliance.

Overall, the Social Democratic Party fared best in the elections. The party seems to be the main attraction for those voters who leave the Independence Party. No leader of a leftist party has as often mentioned his desire to cooperate with the Independence Party in the government as has Jon Baldvin Hannibalsson, whatever he will do when there comes time to act. The next elections will in fact be about who will govern the country. The results of the local elections do not give a categorical answer to that, although there is every indication that it would be sensible for the Progressives to look inwards and reorganize their work and policy outside the government.

Editorial Roundup

Reykjavik MORGUNBLADID in Icelandic 4 Jun 86 p 9

[Commentary by 'Staksteinar:' "The Party Organs and the Elections"]

[Text] The three party organs, ALTHYDUBLADID, TIMINN and THJODVILJINN, discuss the results of the local elections in their editorials yesterday. Today, STAKSTEINAR will refer to these editorials.

Social Democratic Party Victory

ALTHYDUBLADID reports:

"The Social Democratic Party is an undeniable winner in the elections. Socialists received more support now in the regional elections than in 1978. The groundwork has been laid for a major victory for the Social Democratic Party in the next parliamentary elections.

The Social Democratic Party received over 20 thousand votes now. In 1982, the party received 13 thousand votes. The increase is therefore over 50 percent.

The Social Democratic Party has increased its support since the regional elections in 1978. Then the party received 16 percent of the votes. When taking into account the Social Democratic Party's participation in 12 joint lists, its support now is between 17 and 18 percent.

The Social Democratic Party is now next to the largest party in the provinces, excluding Reykjavik. In Reykjavik the party has about 22 percent of the votes now. For comparison, the Progressive Party only has 18 percent.

And at the conclusion of the editorial it is stated:

"In continuation of these elections, labor movement followers and socialists within the Social Democratic Party and the People's Alliance must increase their cooperation. Hopes that urgent changes towards increased equality and justice will be implemented in our society are connected with socialists securing their solidarity and forming a strong offensive power left of center in Icelandic politics."

David Oddsson's Position Strong

TIMINN reports:

"In the local elections that took place this weekend, the government parties, the Independence Party and the Progressive Party, lost some support to the Social Democratic Party and the People's Alliance.

Nationwide, the Social Democratic Party received the greatest increase in support, or about 5 percent. The People's Alliance increased its support by almost 2 percent; the Independence Party lost about 2.5 percent and the Progressive Party almost 3 percent.

The Progressive Party's loss in support was most noteworthy in Reykjanes and in the provinces. In Reykjavik, the party's objective to get a representative was reached [as printed:] public opinion polls that there were no possibilities of reaching that objective but that proved to be wrong. That was successful because of very good working methods of the candidates and other supporters of the party who joined forces to ensure the election of Sigrun Magnusdottir on the city council. Her seat on the city council will ensure that the views of the Progressive Party will be heard in the city council and they will be taken into account.

As before, the position of the mayor, David Oddsson, is strong. Despite hard and justifiable criticism he has been subjected to for wilful working methods, the Independence Party increased its support slightly in Reykjavik."

And the conclusion of the TIMINN is:

"The Progressive Party's loss is food for thought and the party leadership must seriously study the election results.

Liberalism Halted

THJODVILJINN reports:

"The undisputed conclusion of the local election is that the aggression of liberalism has been successfully halted. The next task of the socialist powers must be to move liberalism from the secure position it has successfully obtained in the past years.

It is clear that the victors in these elections are the two A-parties [People's Alliance/Althydubandalag and the Social Democratic Party/Althyduflokkur]. Nationwide, they gained considerable support, the Social Democratic Party 4 percent and the People's Alliance also emerged strong from the elections and increased its support by 2 percent nationwide.

In Reykjavik, the People's Alliance received the next to the highest proportion of the votes ever. Only in the great victory of 1978 was the outcome better. The results were better than the polls this winter had indicated; at the beginning of the year, the polls indicated a support below 15 percent for the party. It is clear that during the coming term, the representatives of the People's Alliance in the Reykjavik City Council will apply strict restraint on the Independence Party as promised in the election campaign.

It is, however, clear that the victor in the Reykjavik election is the Independence Party. It was from the beginning expected to win an overwhelming majority, and poll after poll indicated such conclusions. A tough fight by the government opposition parties and certain mistakes in the Independence Party's election campaign, however, created gaps in the party's wall of supporters and the party's outcome in the election was far below all polls. But the Independence Party did nonetheless come away with a good victory."

The conclusion of the editorial is:

"Overall, the outcome is, of course, a setback for the government. The Independence Party lost support in 30 places and the Progressive Party in 24 places. The victory of the A-parties does to a certain extent mark a turning point, as a considerably greater number of people will now see them as a realistic alternative. That will, however, be justified by how well they succeed in achieving solidarity. The election results confirm that liberalism is on the wane. In the wake of that, a demand will be made on the A-parties to attempt to get on a joint course and cooperate in the coming months. Trustworthy cooperation by the parties in the wake of their victory in the past elections could make them a real alternative. The result do therefore afford a starting point which is necessary to utilize soon.-OS [Ossur Skarphedinsson]"

9583

CSO;3626/36

RECENT POLL RESULTS SEEN FAVORING PS/PSD POLARIZATION

Lisbon EXPRESSO in Portuguese 19 Jul 86 pp 16R-17R

[Article by Jose Manuel Fernandes: "How the Electorate Evolved"]

[Text] Will bipolarization be possible in a political system with five major parties? Anybody who looks at last October's election results will certainly answer in the negative. However, the latest public opinion surveys—especially the most recent interviews with the EXPRESSO-Euroexpansao "Popularidade" panel—appear to indicate a trend among the electorate in terms of being polarized in two major alternate parties, the PSD [Social Democratic Party] and the PS [Socialist Party]. In other words, precisely the two parties which were linked prior to October 1985.

What happened then?

Two distinct but complementary phenomena.

The first was the concentration of the conservative electorate--the former AD [Democratic Alliance] voters--around the PSD. This polarization began rather early on 6 October when Cavaco Silva led his party to a clear victory, a victory which to a good extent was built at the expense of the electoral deflation of the SDS [Social Democratic Center Party].

Several months later, the hegemonic tendency in the PSD was boosted in the local self-government elections. If we correct those earlier results, taking into account the existence of coalitions, then the vote for the PSD will have been equivalent to about 35 percent, in other words, 5 percent more than in October. Freitas do Amaral's presidential campaign was the next step in this development, not only because of its good election results--the conservative bloc never got as many votes before--but also because of his defeat which left Cavaco Silva alone in the leadership of the Portuguese Right.

Cavaco Deflates CDS

This is why we are not at all surprised by the results of the recent surveys which credit the PSD with more than 40 percent of the voting intentions.

On the one hand, this strengthened Cavaco Silva's predominant position; his public image is even better among the CDS voters than among those of his own party. The prime minister's action is considered "good" or "very good" by no less than 92 percent of the CDS voters who made up the panel, whereas, among the PSD voters, his positive score is only 83.1 percent. Even among the centrists, Cavaco Silva got marks that were very much better than its current leader, Adriano Moreira, who only got 57.5 percent of the applause.

On the other hand, the election decline of the CDS, which was predicted in that survey, is almost exclusively due to a shift of votes to the PSD; out of every 100 centrist voters in October, 49 would now vote social-democratic and only 45 would remain loyal to the party of Adriano Moreira.

The movement which, on the left, seems to be leading to the concentration of voting intentions in the PS is more complex. Paradoxically, we can say that this movement began on 6 October, not with the election failure of the PS but rather with the eruption of the PRD [Democratic Renewal Party], a party which managed to take votes away from the APU [United People's Alliance], an apparently unshakeable force.

PRD Between PS and APU

The recovery of the PS in the local self-government elections may have been rather slight but the success of Mario Soares in the presidential elections and the recent victory of Vitor Constancio at the Congress in the Sports Pavilion mark three moments of growing strength of the PS as an alternative to the bloc that was polarized by Cavaco Silva.

But, for that, socialists need to capture votes simultaneously among the Renewal Party members and among the communists.

Let us begin with the PRD, a party which continues to be difficult to define. While the party's leadership displays an increasingly "centrist" form of behavior, halfway between the administration and the opposition, the Renewal Party electorate, according to this panel, prefers to be a bridge between the PS and the APU. The image of Cavaco Silva and his administration, for example, is better among the socialist voters than among the Renewal voters. The criticism of the action taken by the Assembly of the Republic is stronger among the PS voters than among the PRD voters.

In answering the three questions put to the last EXPRESSO-Euroexpansao panel-- "Should the prime minister have submitted the motion of confidence or should he not?"; "Do you think that the deputies are in the process of hindering the administration?"; and "Did the confidence motion strengthen or weaken the administration?"--the average of the responses from the Renewal people was on two occasions (for the second and third questions) between the average or the responses from the socialists and those from the communists.

Thus, if we were to construct tables that would give us a picture of the differentiated position of the electorate, both in relation to these specific

questions, and as regards the opinion of the action of the political leaders, then the PRD would almost always come out between the PS and the APU and not between the PS and the PSD.

We are therefore not astonished that the election defeat of the party of Herminio Martinho and Ramalho Eanes above all tended to favor the socialists; for every 100 Renewal votes in October, only 60 would today stick with the PRD, whereas 25 would switch to the PS and 13 would go to the PSD.

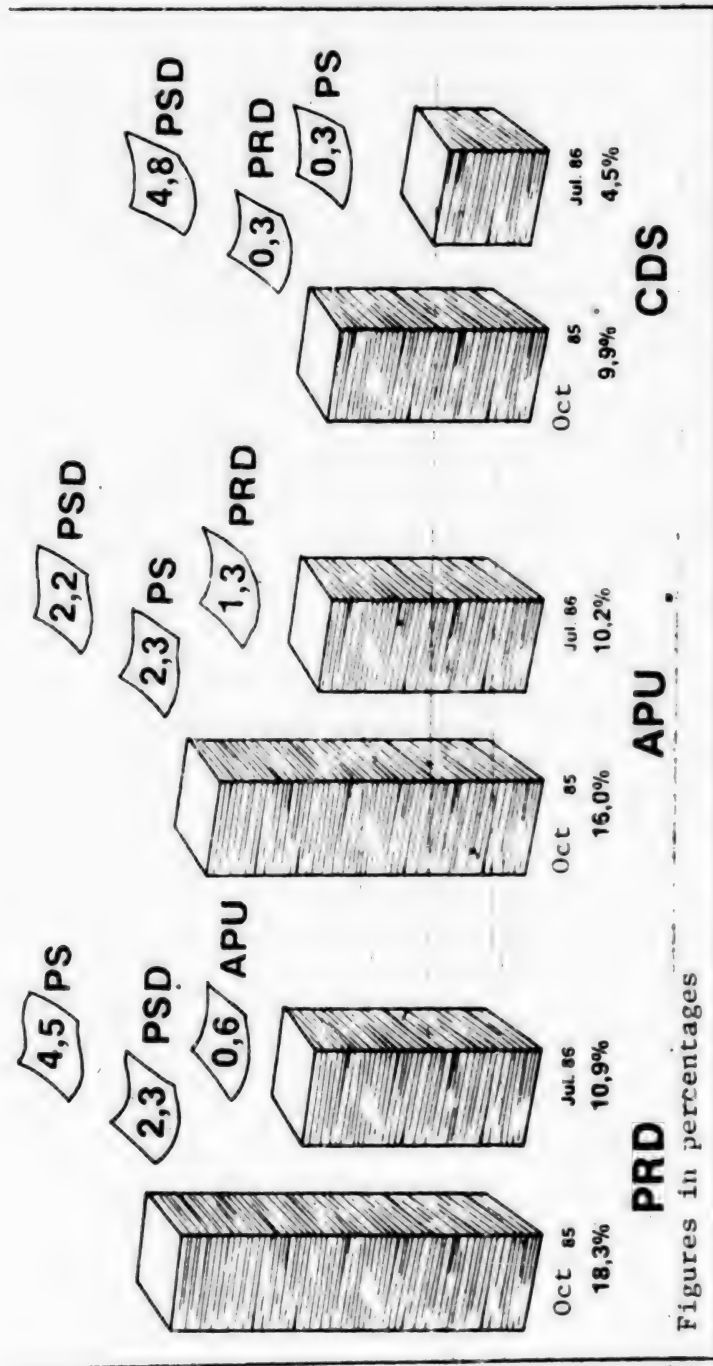
Constancio's Triumphs

This vote shift would be further favored by the good image which the current socialist leader has among the Renewal voters. In getting 51.2 percent positive marks, Vitor Constancio turned out to be better than Ramalho Eanes and Herminio Martinho, both of whom got 34 percent.

Besides, Mario Soares' successor as leader of the PS also has an excellent image among the APU voters, a factor which certainly contributed to the shift of votes between the two parties.

The former governor of the Bank of Portugal not only has a better image within the APU than he does within the PS (66.8 as against 65.1 percent); among the communists, he also has a score that is very much higher than that of Alvaro Cunhal who did not get more than 39 percent.

According to the July panel, the APU election decline is not due only to the shift in votes to the PS. There is also a shift to the PSD and to the PRD. This latter party even appears to be playing a "middleman" role in the switch from the APU to the PS, thus contributing to the deflation of the coalition of the communists without which bipolarization would not be possible.



Figures in percentages

The Bipolarization Votes. These graphs compare the October voting with the July 1986 voting intentions, giving the reader a simplified idea of the shift in votes from the parties that are about to become the victims of "bipolarization." Some of these shifts however are materializing through abstention, which was not considered here.

Prestige of Leaders

Vitor Constancio: APU, 66.8 percent; PS, 65.1 percent; PRD, 51.2 percent; PSD, 30.5 percent; CDS, 23.6 percent.

Cavaco Silva: APU, 16.2 percent; PS, 42.9 percent; PRD, 23.3 percent; PSD, 83.1 percent; CDS, 92.9 percent.

The percentage figures given for Vitor Constancio and Cavaco Silva refer to the voters of each of the parties that described their performance as "good" or "very good."

5058

CSO: 3542/130

POLL RESULTS ON CAVACO SILVA, PARTIES' POPULARITY

Results Favor PM, PSD

Lisbon SEMANARIO in Portuguese 19 Jul 86 p 64

[Text] According to a poll commissioned from Norma to which we gained access, about 65 percent of the Portuguese have a good impression of the prime minister, mentioning in particular his intelligence (78 percent), authority (71 percent), leadership ability (71 percent) and competence (70 percent). In the opinion of 63 percent, Cavaco Silva is someone you can talk to, and 65 percent find him a likeable politician.

The same poll indicates that if elections were held now, the PSD would get 38.4 percent of the votes, the PS 21.1 percent, the PCP 16.1 percent, the PRD 11.3 percent, and the CDS 7.1 percent. Some 25.7 percent of voters would abstain.

The principal beneficiary of the decline of the PRD would be the PSD, which would win 17 percent of the reform vote, followed by the PS with 9 percent. Half of the Eanista electorate reveals a willingness to keep voting for the PRD; 21 percent of that electorate appears hesitant.

In response to the question "What has been the best government since 25 April?" the poll puts the present administration in first place (31 percent) followed by the Sa Carneiro government (14 percent) and the first Mario Soares administration (9 percent). The government of the Central Bloc is considered to have been one of the worst (2 percent).

Furthermore, 44 percent believe that the present government is better than the previous one, while 9 percent think it is worse and 37 percent find it to be about the same.

In rating Cavaco Silva's performance as prime minister, 9 percent of those surveyed consider him very good, 30 percent good, 39 percent neither good nor bad, 11 percent poor, 2 percent very poor, and 9 percent have no opinion.

The field work for this poll was done in the beginning of July (right after all the party congresses were held) and was based on 2,400 interviews. (See Jose Miguel Judice's comments on the poll, page 16 of this issue).

Caution Advised

Lisbon SEMANARIO in Portuguese 19 Jul 86 p 16

[Commentary by Jose Miguel Judice: "Congratulations, Cavaco Silva!"]

[Excerpts] The "Norma" poll referred to on the last page has a political significance that cannot be dismissed lightly. On the one hand, because of the credibility of the polling organization that conducted it; on the other, because of the universe employed (nationwide) and the very large number of respondents (2,400). There is only one way to state the conclusion to be drawn from the results available: "Congratulations, Cavaco Silva."

The most important of the findings, in my opinion, is that 31 percent of all Portuguese consider that the Cavaco government is the best since 25 April, supplanting--for the first time--the Sa Carneiro administration (28 percent in December and 14 percent now believe that the latter was the best.) Besides all the other implications, this means that--if he makes no serious errors--Cavaco Silva will come to occupy the place in both the imagination and in the intellectual judgment of the Portuguese that belongs to the Head of Government par excellence, the one who serves as a standard of reference for judging all those who come after him. This is a pleasant consequence on the historical plane and an extremely strong personal political weapon which will make it very unlikely that public opinion will abandon him, even in a time of trouble--plus impeding any change in administration except through elections.

The second more relevant aspect of the survey results--again, from my standpoint--is the forecast of the popular vote for the various parties. If the other parties maintain their relative positions, the percentage for the PSD (38.4 percent) enables one to acknowledge as possible--although improbable--the achievement of an absolute majority: in last October's elections the PSD and CDS won almost 40 percent, which on combined slates would have enabled them to win an absolute majority because of the proximity of results among the PS, PRD and PCP.

But the voters' intentions reveal something else, too: it is unlikely that the PS will lose its place as the ranking opposition party, although it is not yet clear that the PRD will not be able to recover some support now that Ramalho Eanes is taking an active role in the leadership of the party. This means that Vitor Constancio is still far from being able to aspire to the noble status of alternative to Cavaco Silva. To do so he needs to win--as Mario Soares did in the presidential campaign--the "primaries of the Left."

Furthermore, it is significant that the PCP has lost practically no votes in relation to October, 1985; that the abstention rate is about the same as it was (which is a sign that an important number of Portuguese do not actively

support the regime); that the CDS is holding up better than one would think (although falling still further from its October level in what seems to be due to a voter shift to the PSD). Finally, it should be pointed out that one-fifth of the PRD voters of a year ago have shifted to the PSD, in what also seems to be the "perverse" result of the strategy that Eanes' party has been following and of the choice he made in placing himself "at the center" in the Assembly, in a sort of self-immolation for the sake of the lost cause of the central bloc.

Those results, which by all indications are very reliable, pose a dilemma for Cavaco Silva that will probably stay with him through the summer: Should he try to resist the trend and govern as much as possible in the hope of fetching two or three more points that will ensure an absolute majority? Or should he act in such a way that the Government falls while it has a percentage of support that is close to an absolute majority?

The third important aspect to consider is--in my opinion, once again--is the one that constitutes the least positive result for Cavaco Silva. I refer to the fact that only 39 percent of the respondents felt that he is performing the duties of prime minister well or very well. It is true that this is an excellent rating, whether in comparison to previous Portuguese experiences or in relation to what has occurred in other countries. It is true that only 13 percent believe he has been carrying out his duties poorly or very poorly. It is true, furthermore and especially, that since December, 1985, the proportion of positive votes has risen from 28 percent to 39 percent (although the negative votes have risen too--from 9 percent to 13 percent.) But it is also undeniable that there still exists great skepticism among the electorate (39 percent feel that he is performing neither well nor poorly.) In order to gain a better notion of the precise meaning of this response it would, however, be valuable correlate it with the vote for the various parties.

We have left to the end our attempt to interpret the most overwhelming response which, however, has less medium-term (6 months to 1 year) political significance than any of the others. I refer to the responses concerning the prime minister's image, on each aspect of which he received favorable responses that ranged from 61 percent to 78 percent. This is rather remarkable, and it is amazing that the figures are so similar. What this means in political terms is that "selling" the Cavaco Silva image, under present circumstances, is a task that is only complicated by being too easy. We have here a political leader whom the voters, in the final analysis, believe to have no weak points, who is good in everything, who has only fine characteristics.

But, in my opinion, the low degree of sophistication of the Portuguese electorate makes it wise not to give any special prominence to this indicator. On the one hand, because it is a highly volatile sort of popularity, as Ramalho Eanes must be realizing now. On the other hand, because the natural tendency of unsophisticated voters is to distribute praise and criticism equally, depending on whether the personality is agreeable or admired or, on the contrary, unpleasant or disliked. The case of Mario Soares proves that nothing is irretrievable over the medium term. Which means, too, that everything can also be lost very rapidly.

Be that as it may, a poll such as this one shows that Cavaco Silva is about to become the greatest political phenomenon of the present regime, since the death of Sa Carneiro made him a mythical personality that did not have time to endure. Cavaco Silva has a road paved with probable successes ahead of him and those who, for one reason or another, have to oppose him deserve our sympathy. Perhaps because of this the only precaution needed--as centuries ago someone advised--is that there be someone at his side who will continually say to him "remember that you are human." Because there will surely be plenty of people around him who will treat him like a demigod.

12830/9738

CSO: 3542/132

CENTRISM, NOT BIPOLARIZATION, SEEN WAVE OF FUTURE

Lisbon DIARIO DE NOTICIAS in Portuguese 18 Jul 86 p 7

[Excerpt] The PS [Socialist Party] leadership is looking toward the type of electorate which this party created down through the years. At least, it cannot try to achieve a rapid transition in political actions toward technically rigorous and temperate attitudes.

The political struggle for the center, moderate electorate, dominated by the majority middle classes, constituted the essential effort of the political parties that can aspire to benefit from the favors of that area. Talking about bipolarization entails the risk of concentrating the political effort on the extremes or toward the extremes of the electorate, thus permitting others to broaden their political influence in the center.

All political evolution in Western Europe runs in the direction toward ever greater social homogeneity and majority political control of the middle classes.

The defense of the values of liberty, democracy, solidarity, the primacy of law, of decentralization, and the rule of technical progress is typical of the center electorate and solidarity can be rejected only by the conservative liberals in their concrete and extensive forms.

Could one argue that the ideas of participation, cooperation, and socialization of enterprises, as typical values of socialism, have the political strength needed to win the sociological majority and then the majority of the electorate? Or will these values be sufficiently polarizing in the area of social democracy and democratic socialism to win votes away from the center and allow majority administrations?

These are not idle questions in the face of the almost inevitable prospect that the PSD [Social Democratic Party] and the PRD [Democratic Renewal Party] might get together with objectives that differ but that converge in practice: without early legislative elections, the PSD cannot rule much longer unless it allies itself with the PRD. As a matter of fact, it could thus kill two birds with one stone because it would seek to absorb the main body of the PRD and it would stabilize and give confidence to the potentially investing

middle class whose investments are slow in coming primarily because of the lack of confidence in a minority administration which moreover threatens to become permanent.

But such an alliance is vital for the PRD not only because it would try to hinder the breakup and the election decline but also because it would obstruct the trend toward the foreseeable dilution of the PRD in the PS; that would allow Eanes to complete the expansion of his own party area which began to the left of the PS and which would be completed in the center-right of the PSD. If this desired outcome should materialize, then the magic spell would turn against the magician, or, in other words, Cavaco Silva would be clipped by Eanes.

Thus put, the question is especially grave for the socialists. If the declared intention of Vitor Constancio is not to take any political initiative in view of the decline of the current administration, then the PS could come to be a spectator in the consolidation at the center, either due to the action which Constancio calls the "conservative and liberal bloc" or due to the action of Eanes' PRD.

This tactic (or its absence) is all the more preoccupying since it is certain that various personalities, linked to the PRD and/or to Eanes, declared or demonstrated that Constancio's victory points to the nonjustification of the PRD and therefore to the strengthening of the central group against the PSD.

Bipolarization cannot obtain these results. In short-range terms, one cannot foresee the significant enlargement of the area of the PS, within the democratic Left, at the expense of a decline among the electorate of the APU and the PCP [Portuguese Communist Party]. The proposals and action of the PS--no matter how much better and more valid they may be--cannot, as their sole merit, claim that they are going to bring about some sudden turnaround in the 6 October 1985 election results. The PS leadership must look toward the type of electorate which the PS created down through the years or, at least, it cannot try to achieve a rapid transition in political actions toward technically rigorous and temperate attitudes.

If this were not so, we might, in the near future, witness a dispute over the leadership of the moderate political center, not between Constancio and Cavaco but rather between the latter and Eanes.

5058

CSO: 3542/130

PCE REJECTS UNITY NEGOTIATIONS WITH CARRILLO

Madrid DIARIO 16 in Spanish 3 Jul 86 p 7

[Article by Rafael Quintero]

[Text] Madrid—Reaffirming the policy of cooperating with parties that consider themselves leftist and behave accordingly, and achieving unity among all Communists, are two of the goals that the Communist Party of Spain (PCE) intends to pursue. The PCE executive committee met yesterday.

Francisco Palero, secretary of organization and acting spokesman for the PCE, made it very clear, however, that this desire for unity does not include the former PCE secretary general and current leader of the Committee for the Unity of Communists, Santiago Carrillo.

Palero asserted in this regard that "the PCE has always been open to the unity of all Communists, but with respect to Carrillo, we have the same position as always. United Left (IU) lost five or six deputies in the last elections precisely because of Carrillo, and this enabled the Spanish Socialist Workers Party (PSOE) to obtain an absolute majority in a joint effort with Alfonso Guerra."

"For this reason," added Palero, "we do not plan any discussions with Carrillo, who has been a disruptive element. There is no room for any negotiation with him, because we are not willing to fall into false delusions of unity."

At another point in the press conference, Palero stated that "Carrillo, like all Communists, may return to the PCE whenever he likes. To do that, all he needs to do is to apply for membership in his respective local, and the latter will decide. There is no negotiation of any other kind."

As for the formation of the United Left parliamentary group along with the deputies for Euskadiko Ezquerria, the Communist spokesman parried the assertions by Vice-President Guerra to the effect that it constituted a fraud under the law.

"There is no such fraud," contended Palero. "We are following the regulations to the letter, on the one hand bringing together nationalist leftist movements, and on the other hand allowing the voice of an important sector of society to be heard in Parliament."

In his opinion, the PSOE will not be able to prevent the IU from forming its own group, "even though it will seek every possible means to prevent it. It will be very difficult, because with the support of Euskadiko Ezquerria we have 5.5 percent of the votes, and that is indisputable."

The three fronts on which the PCE will focus its efforts in the near future will be: strengthening the United Left coalition in preparation for the upcoming municipal elections, preparing for the 12th party congress (which could be delayed until early next year), and parliamentary work.

In the latter case, it plans "to combine institutional action with action in the streets, with the philosophy that the group should pursue a different policy," according to Palero. He added that nothing has been agreed upon in terms of the roles to be assumed in the coalition. This matter may be discussed today by the United Left political council.

As far as the future of the coalition is concerned, Palero was ambiguous. He initially argued that "The PCE does not intend to move in the direction of an exclusionary policy," but later he explained that "this coalition was formed exclusively for the general elections," and acknowledged that during the last campaign "these parties contributed unequally, with a minor impact."

In view of the upcoming municipal elections, "the political appropriateness of these alliances will be studied in each specific case, in each community," asserted the Communist spokesman.

The PCE executive committee termed the results of the past elections "moderately optimistic," although its spokesman claimed that the number of seats won was insufficient. "But it gives us a chance to get going."

The Communist Party wants to promote the policy of forging alliances with other forces with an eye on future electoral commitments. For this reason, it does not reject the notion of negotiations with nationalist leftist parties such as the Galician Left or the Republican Left of Catalonia. Moreover, they are confident they will be able to arrive at some kind of agreement with the "pro-Soviets" of the PCC.

8926

CSO: 3548/72

OPUS DEI REPORTEDLY INVOLVED IN RUIZ MATEOS AFFAIR

Swiss Account Details Revealed

Madrid EL PAIS in Spanish 21 Jun 86 p 57

[Article by Jesus Cacho]

[Text] Madrid—Jose Maria Ruiz-Mateos yesterday exhibited 15 photocopies of as many transfers through two Swiss banks in 1979, 1980, 1981 and 1982 to two companies that allegedly have ties with Opus Dei. The transfers total \$6,411,157, which at the current exchange rate is equivalent to 910 million pesetas. Ruiz-Mateos had reported on Wednesday 18 June that he had donated a billion pesetas to Opus Dei through Switzerland.

All of the transfers were made from the Union de Banques Suisses (UBS) in Geneva through two other Swiss banks, Nordfinanz Bank and Societe de Banque Suisse, both based on Zurich, to two companies that allegedly have ties with Opus Dei and that have hitherto not been mentioned in the saga of the expropriation of Rumasa: Riverinvest and Stanley Brothers and Co.

In any event, what is involved is the movement of capital that had previously been placed in Switzerland. It was money that the founder of Rumasa had taken out of the country through Banco del Norte and deposited in the Banco de Jerez in London or unrepatriated money from the sale of sherry overseas.

The first of the 15 transfers is dated 30 April 1979. Like all of them, it was made from the UBS office at 8 Rue de Rhone in Geneva, with an order to the Nordfinanz Bank in Zurich to deposit \$142,850 in account number 3927-24 of the firm Riverinvest.

Wiederkehr the Key

The Nordfinanz Bank, whose president is Arthur Wiederkehr, a key man in the creation and expansion of Rumasa overseas, is a discreet little bank at the end of Zurich's famous Bahnhofstrasse. The money that left through Banco del Norte arrived at the Banco de Jerez in London, from which point Wiederkehr's expert hand sent it in various directions. Large amounts that were supposedly invested in Panamanian companies, of which Wiederkehr himself was the president and depositary, went straight to the Nordfinanz Bank in Zurich.

Part of the money that accumulated there was used at one point to pay the 10 million mark bond that the German courts demanded as bail for Ruiz-Mateos.

In 1979, according to the photocopies, five transfers totaling \$822,568 were made to Riverinvest. Together with another in February 1980, \$1,580,143 in all was transferred to Riverinvest through the Nordfinanz Bank.

As of February 1980, the remaining nine transfers went to Stanley Brothers and Co., to account number 3770730. Two were made in 1980, four in 1981, and three in 1982; the total amount was \$4,831,014. The last transfer is dated 22 November 1982 and was for \$416,112.

The press offices of Opus Dei in Spain stated yesterday that they had no idea of the two companies' ties to Opus Dei and underscored the difficulty of verifying such ties, "given the complete autonomy of Opus Dei in each country."

Separately, Ruiz-Mateos' attorneys announced yesterday that they had submitted an urgent petition to Judge Barcala asking him to allow the businessman to travel to Jerez to visit his mother, who the attorneys alleged suffered a stroke last Tuesday. The attorneys allege that the law supports Ruiz-Mateos' visitation rights, especially since he is in pretrial detention. Ruiz-Mateos has thus decided not to jump bail, as he had announced, and head for the Andalusian city on his own.

Opus Dei Responds

Madrid EL PAIS in Spanish 21 Jun 86 p 57

[Text] The Information Office of Opus Dei in Spain yesterday issued a release in which it counters the charges that Ruiz-Mateos made in recent days against Opus Dei members. The following is the text of the communique:

Alejandro Cantero and Juan Francisco Montuenga, members of the regional commission of the prelature, flatly reject the accusations that Jose Maria Ruiz-Mateos made (on Thursday the 19th), claiming that they were involved in unethical and even criminal activities. They reserve the right to take whatever legal action is in order, which they have not done so far lest they aggravate the already inherently delicate situation of Mr Ruiz-Mateos. Furthermore, this office would like to make the following known:

1. Last 24 May, the vicar delegate of the Opus Dei Prelature in Madrid reminded Mr Ruiz-Mateos that he had an obligation to discharge the spiritual, educational and apostolic commitments that he had made to the prelature as a supernumerary member. He also pointed out to him his moral duty to rectify the erroneous and unjust assertions that he had made publicly (or at least that had been attributed to him on many occasions, without his ever having denied them) about the Opus Dei Prelature and certain of its directors.

2. Mr Ruiz-Mateos' statements in recent weeks have seriously distorted the episode and its causes. This office therefore points out that:

a) Like any other member of Opus Dei, Mr Ruiz-Mateos is completely free to disagree with the professional activities of other members of the prelature, who are also completely free to engage in them, and to say so publicly. Therefore, the directors of Opus Dei could not and never have attempted to prevent him from expressing his views on these professional matters with complete freedom, nor have they in any way pressured him into modifying them. As this office has so often asserted, Opus Dei has had and has nothing to do with Rumasa, nor does it intend in any way to judge the professional disagreements between Mr Ruiz-Mateos and anyone else.

b) In January of this year Mr Ruiz-Mateos began to charge publicly (as reported in the domestic and foreign press) and without the flimsiest of grounds that certain directors of the regional vicariate of Opus Dei in Spain had advised him to leave for London and had promised him favorable treatment by the courts. He has also accused these same directors of threatening and persecuting him. He has also charged that the prelature reached an agreement with the government to expropriate Rumasa, which in addition to being false is preposterous. Moreover, since that time Mr Ruiz-Mateos has repeatedly stated that for more than 3 years he has been asking the directors of Opus Dei for an explanation of what happened with Rumasa, falsely insinuating (and in contradiction to his previous statements, as reported by almost all Spanish newspapers on 2 August 1983) that the prelature has been involved in the holding company's activities or expropriation.

c) It was only in the face of such false assertions, which adversely affect Opus Dei and some examples of which we have just cited, that the prelature has reminded him of his moral duty to correct himself.

3. During the meeting that Mr Ruiz-Mateos held at his own request on 24 May with a director of the prelature, Mr Ramon Herrando, Mr Ruiz-Mateos proposed that he prevail upon certain individuals, who he assumed were members of Opus Dei, to resolve his current serious legal and business difficulties. In exchange, he would modify his current attitude towards Opus Dei. Otherwise, he would create a public opinion scandal, he threatened. Logically, Mr Herrando flatly rejected the proposal, reminding him once again that the prelature never has and never could become involved in such matters because they were alien to its purpose. This incident, which Mr Ruiz-Mateos himself made public in part in statements to the paper EL ALCAZAR on 1 June 1986, clearly shows that Mr Ruiz-Mateos is seeking influence and support, which the Opus Dei Prelature never has and never will provide to any of its members because this is not in keeping with its purposes. The Opus Dei Prelature provides spiritual assistance, which Mr Ruiz-Mateos has stubbornly refused in recent months.

4. Yesterday, Mr Ruiz-Mateos released a document, addressed to various government authorities, in which he again makes reference to his conversation on 24 May with Ramon Herrando. According to Ruiz-Mateos, Herrando confirmed to him that a meeting took place at which promises or agreements were made to assure Ruiz-Mateos favorable treatment from the courts. When we contacted Mr Herrando, he asserted that precisely the opposite was the case. When Mr Ruiz-Mateos made that sort of assertion, Herrando told him quite clearly that it was completely untrue.

5. The repeated manifestations of respect for Opus Dei and for its founder that Mr Ruiz-Mateos has made in the press cannot conceal his false claims against the prelature, which at times flatly contradict essential elements of its spirit and history, such as the profound and refined sense of respect for freedom that all of its members have in temporal matters.

6. Moreover, with regard to the donations that Mr Ruiz-Mateos claims to have made, we state the following:

a) The Opus Dei has never been financed by Rumasa or by its president.

b) It is well known that Mr Ruiz-Mateos regularly answered requests for aid from a wide variety of persons and institutions (civic, cultural, athletic, etc) and from agencies of the Catholic Church as well as for welfare and educational activities promoted and financed by members of Opus Dei, along with many other persons. This was an honorable, aboveboard activity that reflected a sense of fairness in a wealthy person who uses his money to help the needy. It does not seem reasonable to cast a suspicious light on and to denounce aid that reflects a sense of solidarity and charity.

d) Lastly, in relation to the Institute of Education and Research, we reiterate once again that it does not belong to Opus Dei, nor has any activity entrusted to Opus Dei received aid from the institute.

7. In conclusion, this Office of Information wishes to state officially that it is not motivated by any desire to engage in controversy; rather, it seeks to furnish information that bears on the truth about and the good reputation of various individuals and of the Opus Dei Prelature. At the same time, the office expresses its wish that all of Mr Ruiz-Mateos' problems be resolved satisfactorily and that he find the peace and tranquility he needs to deal in an unruffled manner with all of the events in his life.

Investigation Into Payments Hampered

Madrid EL PAIS in Spanish 23 Jun 86 p 65

[Article by Javier Garcia]

[Text] Madrid--High-level police officials obstructed the investigations into the Rumasa affair after the Socialist government's expropriation of the holding company and hampered the inquiries into an alleged flow of funds to Opus Dei leaders, police sources who took part in these operations have told this paper. Sources close to officer Juan Jose Medina, the man in charge of the investigation into the Rumasa affair, have asserted that he intends to take legal action against high-level police officials for alleged crimes of concealment and breach of trust.

Sources at the General Directorate of the Police told this paper that they had nothing to say in response to the charges. The investigation into the Rumasa affair was conducted by the Interior Brigade and was specifically entrusted to Juan Jose Medina by his superiors in February 1983.

The police investigators contacted several Rumasa executives and located an important informer, who told them that he himself had been involved in the delivery of large sums of money to people who are now after Ruiz-Mateos. The executive, who is a confidant of Ruiz-Mateos, specified that some of the people who benefited from the expropriation belonged to Opus Dei.

Threats of Expulsion

According to police sources, this information was handed over to high-level police officials, who recommended closing the investigation, arguing that it would lead to "people to whom we owe a lot."

Later, when the head of the Interior Brigade, Mariano Baniandres, and Juan Jose Medina were on the verge of concluding a major investigation into bills that Ruiz-Mateos allegedly forged to defraud the State, the two were stopped by their superiors. Police sources assert that Medina continued the investigation on his own and later received direct orders to halt his inquiry unless he wanted to be fired from the police force.

Transfers

The Rumasa informer specified, again according to the same sources, that Ruiz-Mateos fell because the Banco Ambrosiano had asked the owner of the holding company for a blank endorsement and when he refused, "persons linked to Opus Dei received instructions to destroy him."

According to police sources, the men in charge of the operation were Alejandro Cantero and Francisco Montuenga. The informer reportedly told the police sources that he was not sure whether Ruiz-Mateos' donations were for Opus Dei or for the two men directly.

Ruiz-Mateos recently made public 15 photocopies of as many transfers through two Swiss banks in 1979, 1980, 1981 and 1982 to two firms with alleged ties to Opus Dei. The total amount of the transfers was \$6,411,157, which comes to 910 million pesetas at the current exchange rate.

The photocopies, some of which EL PAIS has seen, show that the transfers were made through Bankunion in two Zurich-based Swiss banks to the firms Riverinvest and Stanley Brothers and Co, which until then had not been mentioned in connection with the Rumasa affair.

Countering the charges by Ruiz-Mateos, the Opus Dei press office in Spain stated that it was unaware of the two firms' links to Opus Dei and emphasized the difficulty of verifying them "given the complete autonomy of Opus Dei in each country." This newspaper has so far not been able to verify the purported links between the two firms and Opus Dei.

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CSO: 3548/66

NEW IMMIGRATION POLICIES QUESTIONED

Repatriation Funding Encouraged

Paris LA TRIBUNE DE L'ECONOMIE in French 20 Jun 86 p 16

[Article by Francois Charpentier]

[Text] The first "discussions with ONI (National Immigration Office)" gave Jean Arthuis, secretary of state for employment, the opportunity to outline the government's repatriation assistance policy. The topic at rue de Grenelle: compensation for benefits earned by immigrant workers.

Under existing rules, an immigrant worker can claim repatriation benefits if he has been laid off. Under this sort of "forced voluntary repatriation," he is entitled to receive a lump-sum allocation ranging from 80,000 to 150,000 francs depending on seniority and classification. The State contributes in part to this assistance (travel expense, moving allocation and up to a maximum of 20,000 francs in aid to a reintegration project). Unedic adds two-thirds of the conventional unemployment insurance benefits or the remainder of these benefits. The employer's share of this lump-sum allocation is determined by agreement.

Jacques Chirac's government has initiated a review of this system and intends to implement true voluntary repatriation measures. Any foreign worker who so desired could receive repatriation funding. A bill is now under review and should be ready in September. Beyond this, Mr Jean Arthuis does not conceal the fact that he questions implementation of measures for compensation based on benefits earned. Under the current system, only unemployment benefits are included in the final payments. Why not expand this principle to include other vested interests, such as retirement benefits, for example?

The idea deserves some thought. However, it should be noted that the solution adopted in Germany has proven to be extremely costly.

An immigrant could leave with benefits in excess of 300,000 or 400,000 francs. In fact, the system was not extended beyond 30 June 1984, although according to a Bundesrat report, 300,000 foreigners, mostly Turks and Yugoslavs, left the FRG during the period of application of this system.

In France, where the existing system has reached its limits (approximately 20,000 individuals had turned in their residency permits as of 31 May), the effectiveness of this type of measure should be questioned. Would a substantial increase in benefits result in an increased number of departures, and what would the consequences be for the French economy?

The labor unions attended the ONI discussions and remain perplexed. In the short run, they fear that the proposed extension of repatriation funding will provide a false freedom for those concerned.

In addition, while they hope that local municipalities will participate in this effort, they fear that enterprises will be exempt because the connection with layoffs will be severed. In any event, they are requesting a meeting with the national council of the immigrant population (CNPI) before making a final decision. This body should meet before the end of the year.

Pasqua Defends New Bill

Paris LE FIGARO in French 10 July 86 p 6

[Text] The discussion on the draft bill on conditions of entry and residence of aliens in France began yesterday afternoon in the Assembly, in an atmosphere dominated by outside events: the rue de Mogador accident, which the Left attempted to exploit at the beginning of the session; the attack on the brigade for repression of crime which was the reason for Charles Pasqua's motion to adjourn the session in mid-afternoon.

At the outset, Pierre Joxe, chairman of the Socialist group, motioned for a return to the rule, calling for the minister of the interior to "discuss the very serious events crimes of last week which resulted in the loss of human life."

The minister did not defer to this motion and Jacques Toubon, president of the RPR group, invited Charles Pasqua's predecessor in the ministry to show some reserve, since election results were cancelled in two departments; "following fraudulent actions, some were manipulated by the former minister of the interior, others were covered by him." Mr Joxe responded that "the prefectoral body would pass judgment on Mr Toubon's allegations." Mr Ducolone, chairman of the Communist group, and Mr Labbe, chairman of the UDF group, also intervened--the first to criticize, the government, the latter two to request a bit more discretion on the part of the opposition.

Mogador: 'Biased Reporting'

After the draft bill was introduced by Mr Mazeaud, reporter of the laws committee, Charles Pasqua stated the following: "At the end of last week, the police force was implicated in two tragic events, a runaway driver was killed and a policeman died in the line of duty. Our thoughts are with the victims. With respect to the first incident, I was floored by the biased

reporting in the major media. The official involved was treated as guilty even before the outcome of the investigation. If the investigation concludes that Gilles Burgos is innocent, I will take every step needed to ensure that he is reinstated; otherwise, he will be punished."

In addition, the minister of the interior announced that in the wake of the constitutional council's decision to invalidate the results of legislative elections in two departments, the prefect of Haute-Garonne renounced his office, leaving it to the government, which would "thus assume the responsibility for making a decision which he did not make."

Charles Pasqua then presented the major facets of his draft bill. The acceptance of inadmissibility defended by Jean-Marie Bockel, against which Jean-Marie Le Pen pleaded, was then rejected. The minister of interior then requested that the session be adjourned to visit the site of the attack on the brigade for the repression of crime.

Before even reviewing the major aspects of the government's emigration policy and presenting the text of the draft bill, Charles Pasqua, minister of the interior, first refuted the attacks on this bill. Mr Pasqua also sought to define the place occupied by foreigners in the French nation.

"One thing that makes a people great is its openness to the world and its international influence. Another is its ability to embrace foreigners. In this sense, France is a great nation. Throughout history, her language and culture have spanned the oceans, and she has always welcomed her adopted children with open arms. Foreigners in difficulty, political refugees, men and women in need have never been turned away from her door. Throughout the centuries, millions of foreigners have set their roots in our soil and have become true Frenchmen. France today is an amalgam of these individuals from diverse origins."

For Mr Pasqua, France has thus acquired a "well-deserved reputation of a land of welcome, a land of asylum which has contributed to its universal prestige." After providing a historic overview of emigration during the past decades, the minister of the interior noted that the givens of the equation have changed. Integration is now proving much more difficult, particularly for populations of North African origin whose customs, traditions and beliefs differ from our own.

Development of Xenophobia.

In addition, the policy initiated in 1981 of legalizing the status of illegal immigrants has had "disastrous consequences." It was a psychological incentive for aliens to enter France illegally. "French people are not racist by nature," states Mr Pasqua, "but in the face of this continuous increase in the foreign population, reactions that come close to xenophobia have been elicited (...) The political exploitation of this phenomenon is dangerous because it can help breed an atmosphere of intolerance in our country." When a political movement campaigns on the platform of "Frenchmen first," its audience will likely interpret this to mean "oust the foreigners."

Mr Pasqua recalled the ideology of the Gaullists in their struggle against Nazism and explained that "the government has undertaken the task of defining a new emigration policy that will reconcile the necessities of realism with a generosity which conforms to our national tradition." The policy defined revolves around three facets: 1) defense of the vital interests of France and the French; 2) respect for the dignity and the rights of foreigners residing on our soil; 3) aid for development to their country of origin to help these nations to provide jobs for their repatriated nationals in the short run.

The draft bill is only one component of immigration policy. Foreigners who abide by the laws of the Republic are indeed entitled to social benefits, to a family life, therefore to education for their children, to community life, to decent housing. They have the right to work and to training and to unemployment compensation. According to Mr Pasqua, "the difficulty of the economic and social situation does not give anyone the right to compromise these principles."

Charles Pasqua spoke of the government's desire to reflect upon the issue of nationality. "It plans to eliminate automatic methods of acquiring French citizenship."

This is not due to a frosty retreat but to a desire to ensure that in an era marked by the respect for the individual, those who are French other than by birth "want and merit citizenship."

The draft bill does not allude to the right to asylum, it does not implicate the principle of the family unit and it does not implicate the right of residence of second-generation offspring.

The two goals of the draft bill are the following:

1. to reduce illegal immigration, thus helping to control the flow of immigrants;
2. to improve the efficiency of the struggle against foreigners who constitute a threat to the public order.

Intensified Controls

On the first point, Mr Pasqua specified that border controls would be intensified.

The second objective is to wage a more efficient battle against foreigners who constitute a threat to the public order and violate our laws. The draft bill provides for the possibility of expulsion if the presence of the foreigner on our soil constitutes a "threat" and not, as in the existing law, a "serious threat."

As for this notion of threat, which is unclear according to some sources, Charles Pasqua specified that this old republican notion obviously does not exist in the form of a list of cases; it has been defined in numerous cases of administrative jurisprudence, particularly in numerous Council of State orders.

"As for those foreigners who threaten public order," specified Mr Pasqua, "it is clear that we are determined to keep them away from French territory. France's tradition of welcome cannot be invoked in favor of criminals, law-breakers and in general, all of those who hold our hospitality and our laws in contempt."

In conclusion, he explained that in sum, the draft bill is "a balanced text which takes into account the requirements of immigration control and also those of respect for human rights and integration into our society of those foreigners who wish to settle permanently in France."

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POLL SHOWS UNIONS BECOMING MORE MILITANT

Paris LE NOUVEL ECONOMISTE in French 27 Jun 86 pp 38-44

[Article by Henri Gibier based on exclusive IFRES poll conducted for LE NOUVEL ECONOMISTE from 4 to 12 June 1986 with a representative national sample — 964 persons 18 years of age and over — selected in accordance with the quota method (sex, age, CSP, region): "The Unions Face to Face with Chirac"; first paragraph is LE NOUVEL ECONOMISTE introduction]

[Text] More and more well-attended union rallies, poor polls, recurrent strikes in the public sector and puzzled employers: 100 days after the 16 March victory, Mr Jacques Chirac's government is going through a few "days without," as they say in Correze. Do they foreshadow a "hot" return from vacation in the fall like the threat of one stirred up by Mr Edmond Maire during one of his latest fits of anger? According to the semi-annual poll conducted by IFRES [not further identified] for LE NOUVEL ECONOMISTE, 51 percent of these French who during a period of 2 weeks were in succession deprived of television, trains, the subway and buses believe that there will be a deterioration of the labor climate during the next few weeks. But 60 percent of them feared it in October 1985.

In spite of everything, the fact is that for the time being the weak point of Chirac-style liberalism lies in the labor situation. Another telltale indication: Messrs Edmond Maire and Henri Krasucki, the two union leaders most critical of the government's action, achieved the two highest advances in favorable opinion in this same poll. At a time when the government is getting ready to make painful decisions in the shipbuilding, Social Security and many other "limping" sectors of French industry, the risk of seeing the political and labor opposition equate liberal with antilabor is being confirmed.

During the morning coffee hour on Thursday, 12 June, sensing that the storm was about to break, Mr Chirac took the initiative to summon some of the "heavyweights" of his team, including Messrs Philippe Seguin and Edouard Balladur, to recommend to them that they introduce more concern for labor issues in government communication. "Don't let yourselves be swallowed up by technocracy," he pleaded with his ministers with an altogether new insistence. Four days earlier the prime minister had received Mr Andre Bergeron, who had come to tell him just about the same story, for a private talk. "When I would like

to come out ahead in a labor arbitration," a minister concluded, "rather than call the person responsible for the case, I would try to win over Mr Bergeron to my cause."

Face

The secretary general of the Workers Force (FO) owes the role of advisor to princes which he affects more to the personal attraction he exerts on the public than to the strength of his organization. The other Tuesday, the day FO officials protested against the freezing of Civil Service salaries, would have gone unnoticed if Mr Bergeron's familiar face and thunderous voice had not been widely seen and heard on television and the radio pointing out to France the profound importance of the event. For lack of being a "cultivator of strikes," which he denies on every occasion, the quiet labor movement man "cultivates the media" in a way unparalleled among his peers. To win the "labor communication" battle, specified as one of the priority objectives for the next few months by the Matignon [prime minister's office], the liberal coalition will have to handle Mr Bergeron with kid gloves, as did the Socialist majority before it.

A job as troublesome as it is imperative under the present circumstances. Of course, for the seventh time out of the nine popularity polls published by LE NOUVEL ECONOMISTE since May 1982, the dean of the labor movement has come out ahead of all the labor leaders. But his more than courteous cohabitation with the mayor of Paris has cost him a slight disintegration of his rating. At the last meeting of the FO National Confederation Committee, the federation's assembly, Mr Bergeron himself acknowledged that 60 percent of his followers are already recruited from the liberal camp and 40 percent from among the Socialists. Figures that are confirmed by the IFRES poll. Among leftist voters it is Mr Maire who is largely predominant with 54 percent in favor of him while Mr Krasucki is prevailing over the "SFIO [French Section of the Workers International], which is holding its own," of the Avenue du Maine despite an on the whole negative image. Paradoxically, the unique position occupied by Mr Bergeron, the labor movement bridge between the two traditional camps of the Franco-French wars, has never appeared to be threatened as much as during this period of political coexistence in the government leadership. "Since 16 March, I have been living at the rate of three visits to the provinces a week," the favorite doomsayer of the French informed us. "Contacts that have convinced me that, if we push our current logic too far, the mechanics of dissatisfaction will get completely out of control."

A pro domo argument since it is also true that many hot issues of the moment may suddenly expose the ambiguities of the Bergeron phenomenon. He himself places before all of the others that of the Social Security Agency, which, according to the IFRES poll, comes in quite the last with 6 percent as against 74 percent for unemployed youth in the ranking of union action priorities as seen by the French. "It's because they don't realize that it is in danger that I am so concerned," the former printer from Belfort explained. Up to now, his arm-twisting, undertaken in perfect agreement with the minister of social affairs, has gotten the better of the parsimonious fits of impatience of the budget. The fateful Council of Ministers, in which a supplementary retirement

fund contribution of 1 percent payable by wage-earners alone and an austerity system for health insurance were in particular to have been announced, is already over a month behind the schedule desired by the Ministry of Finance. With the result that at informal meetings the unflappable Edouard Balladur sometimes lets us get a glimpse of incipient irritation at the comforter of Bergeronian common sense.

As for him, the union leader is betting on a demanding job like this one. The Social Security Agency is to the FO as the EDF [French Electric Company] is to the CGT [General Confederation of Labor]. Mr Bergeron's friends top all the other organizations in elections of representatives among the 190,000 employees of the Social Security Agency, with 34 percent of the votes versus 30 percent for the CGT, and among the 600,000 representatives of the nationalized medicine system, with 33 percent versus 28 percent for the CFDT [French Democratic Confederation of Labor]. The confederation collects two-thirds of the 129 chairmanships of the primary health insurance funds which, aside from reimbursements for care and social action budgets, manage a legacy of 3,000 pieces of property or buildings. An old friend of the secretary general, Mr Maurice Derlin has presided over the destinies of the parent organization, the CNAM (National Health Insurance Fund) for 20 years. Of the three big national funds, it is the one that chalks up the highest administrative expenses. And by far: nearly 22 billion in administrative expenses in 1985, rising by 8 percent a year, versus scarcely 6 billion for the CNAF (National Family Allowance Fund) and four for the CNAV (National Retirement Insurance Fund). "In insisting on possible administrative economies in the Social Security Agency," a member of the FO from the head office of the CNAM stated, "Mr Chirac is implicitly recommending that between 10 and 15 percent of the CNAM's 120,000 employees be skimmed from the top."

A typical case of misunderstandings that threaten to disturb the good relations existing between the present occupant of the Matignon and the most popular of the union leaders, the touchstone of Gaullist labor policy since May 1968. Mr Bergeron shares with the prime minister a pious nostalgia for Georges Pompidou, the president of the Fifth Republic, with whom he got along best, as he never fails to remind us. But, more than ever dominated by the counterperformances of foreign trade, the economic situation in June 1986 no longer permits us to engage in Pompidouism reinterpreted a la Bergeron: "One additional percentage point in the rate of inflation is well worth peace in the labor sector."

On the contrary, it is in the public sector that the FO recruits half of its followers, where the screws applied to wages have been tightened most. At Aerospatiale, the territory of a powerful FO that is close to the RPR [Rally for the Republic] and which garners 34 percent of the votes of the 42,000 employees, the extension of the wage freeze to the state enterprises has collided in mid-air with the agreement providing for a minimal, automatic semi-annual raise of 2 percent trademarked FO 1970. Tempted to denounce this heretical supplementary indexing as far back as 1979, the orthodox Raymond Barre decided to postpone it following a good lunch with Mr Bergeron. This time, received at the Hotel Matignon without the red carpet, the FO local was forced to as a last resort decide to issue two general strike orders on 22 May and 19 June, the second of these enthusiastically joined in by the CGT and the CFDT.

The first spectacular case in which a clash between government logic and union logic pushed the "centrist" federation into the camp of the "hard-liners." One since followed by many others. On 17 June the CGT and the Ile-de-France CFDT coordinated their action day in the Civil Service with the FO's. On Friday, the 22d, it was the audiovisual workers FO union that joined the CGT and CFDT's "anti-privatization" strike when it denounced the "ulterior political motives" behind the first cutting of pictures a month before. There was also a united front on 30 May at the SNCF [French National Railroads] and at the RATP [Independent Parisian Transport System] on Wednesday, 11 June, two strikes that resumed the "demanding Attila" style of the 1970's. The revolt is rumbling in the arsenals, where the minister of defense has just suspended until 1987 the pegging of the wages of 9,000 government workers on the pay scales of Parisian metalworkers. Even at the EDF-GDF [French Gas Company], the FO federation has dared to launch a "joint mobilization" with a predominant CGT against the wage decisions reached by the government. With the conclusion of the CGT "action week" from 9 to 13 June, Mr Krasucki could thus rejoice over "a new fact: the echo our initiatives have met with."

Actually, what has been happening in the labor sector since 16 March is amenable to more profound developments. Liberalism makes this so. It is becoming more difficult for the government, as it is for employers and the unions, to guide labor policy from the top. Intermediary elements, these latter continue to have a rather negative image. Fifty-four percent of the French condemn the politicization of the labor movement. And if they had the opportunity to do so tomorrow, 30 percent of them would vote for an "in-house" union ticket as against 14 percent for the FO and 12 percent for the CGT or the CFDT. "We've reached the point where modifications in the balance of power within the business world that have taken place during the past few years," Mr Henri Vacquin, a sociologist who specializes in labor strategies, commented, "must be expressed by a change in the way the union's opposition power is exercised." A shift in labor concerns that today directly — and in at least four ways — affects the operation of the "FO system."

The method that has made Mr Bergeron so successful on the media is the adjustment of contracts at the top. "Provided you've been able to reach agreement with Mr Bergeron shortly before a national level negotiation, you can be almost certain of succeeding," Mr Yvon Chotard explained when he was still playing the role of negotiator high and low among employers. With respect to this, the turning point was probably the lengthy negotiation on flexibility in 1984 when, after having assured the CNPF [National Council of French Employers] vice chairman responsible for labor affairs that his organization would sign the final agreement, the secretary general of the FO had to reverse himself in the face of pressure by his "friends." New proof of the difficulty in setting up an interoccupational meeting: corporate partners' bungling of their going along with the law rescinding administrative authorization to lay off employees. For 3 months, at the risk of being pilloried every week by Messrs Paul Marchelli and Edmond Maire, Mr Yvon Gattaz preferred to wait for the vote in due form of law. Will he take it into his head next Sunday to go to the heart of the matter as of 9 July since the leader of the CFDT will immediately accuse him of rushing things and of being unprepared?

A second strong tendency: The strategic premises of labor's adaptation are getting closer and closer to the business world. There where introduction of the FO is taking hold, the FO, which is more comfortable in influential investment in labor affairs such as is practiced among, for example, the personnel of the city hall of Paris than in the mass investment required in the big industrial combines. The balance sheet on collective negotiation in France, established by the Labor Ministry for 1985, shows that it has been stagnating at the interoccupational or industrial branch level, but that it has been noticeably advancing in the business world. Last year 5,165 [labor] agreements with firms and businesses were recorded as against 3,845 in 1984, an annual rate of increase of over 30 percent. The order of magnitude of the signatories sums up Mr Bergeron's whole problem: first the CGT with 52 percent of the signatures, ahead of the CFDT with 49 percent, and the FO, so proud of its image of fierce defender of contractual policy, coming in only third with 42 percent.

Loophole

Another scarcely pleasant acknowledgment for the tireless attacker of political theologies: It is not the only one to have realized that apoliticalism in labor affairs constitutes an effective loophole. After a lengthy reordering of priorities begun in 1979, the CFDT made the decisive change in course shortly before the 16 March parliamentary elections by refusing to issue instructions to its members to vote any old way. In private, the CFDT general staff did not stop praising Mr Seguin, the recipient of one of the confederation's rare satisfactory grades, for having gotten the problem of employment levels on to the agenda for the next negotiations on layoff controls. Mr Maire's experts publicly expressed the opinion that Chirac's devaluation was opportune, a devaluation which the PS [Socialist Party] at the same time deemed to be opportunistic. One of Mr Alain Madelin's first acts in the Ministry of Industry was to restore the former number-two CFDT man, Mr Jacques Chereque, to his duties as prefect of Lorraine. While the FO continued to imperturbably lay a clumsily symbolic bouquet before the wall of the CGT member unions and the CGT to parade in military fashion to the tune of the "International," the CFDT was then celebrating May Day with a peaceful outing on a barge.

With less innocent intentions, Mr Krasucki's CGT was falling into step. At an executive committee meeting held on 5 March, conforming to an old tradition, it charged the toughest faction of its general staff with the task of preaching a return to authenticity in labor affairs. Organization secretary Michel Warcholak even went so far as to admit: "We have lost a larger number of members than indicated in the 42d Congress financial report, which amounted to 700,000 in 7 years." CGT leaders' priority task at present consists of accelerating the restructurings of union affairs made necessary by this blood-letting.

Last May the delicate merger of the Book Workers Union — whose workers are among the highest paid in France, but in which active membership has dropped by over half — with the Paper and Cardboard Workers Union, which is composed

of battalions of interoccupational minimum growth wage workers, was effected. Shortly thereafter, two unions crippled by the crisis, the Ceramic and Glass Workers Unions, held their first joint congress. Tactical apoliticalism since, in the likeness of the PC (Communist Party), it enabled them to equate the damage inflicted on the labor movement by the Right with that done by the Socialists. But also a return to a professionalism that pays off in elections. The final results of union elections at 567 companies recorded by the "election supervision service" show an average advance of 2,5 percent. "If the CGT does not succeed in creating new locals, it will again pursue its former courses of action," FO Metalworkers Union secretary Michel Huc, who is hardly suspected of accommodating Mr Krasucki's "cossacks," corroborated the fact.

The final source of discord of Bergeron's message: what Mr Raymond Soubie, Messrs Barre and Chirac's former advisor, calls the "infernal trio" of the labor movement is today threatened with division. A specialty of Mr Bergeron's, personalization of the dialogue between the state, employers and the unions, is getting to be less and less possible. "In view of the number of ministers who have their piece to speak about each of the current issues, we would have to spend our weeks lunching in the ministries," an intimate of the secretary general acknowledged. As for the employers, the CNPF's internal conflicts bear witness to the increasing difficulty in settling on unanimous orientations. "The dream of the disappearance of the labor movement is no longer the private property of the owners of small and medium-sized metalworking businesses," a real expert on employers informed us.

Facing "small-time employers" from Lot-et-Garonne, Mr Bergeron could sing the tune of "grain for grinding" and reap as much applause as Mr Chotard pleading for the opposite the next minute. But he was booed a few days later in Nice at the modernist CJD (Young Leaders Center) congress because he defended labor-union monopoly. Similarly, it was enough for the PSA's [not further identified] director, Mr Jean-Marie Nathan-Hudson, to lampoon "a union overrepresentation that costs the group the equivalent of two windshield wipers per car" to wake up those attending a Labor Connections conference who were a bit sleepy from listening to Mr Seguin's labor projects.

This unpredictability of the rank and file does not, of course, spare the labor confederations. Which is what makes problems of succession within each one of them so delicate. The succession of Mr Krasucki, 61, which should logically take place at the next congress, in 1988, is complicated by the fact that it may coincide with Mr Marchais' at the head of the PC. Two unofficial candidates are in the race: the general manager of the confederation weekly LA VIE OUVRIERE, Mr Louis Viannet, and the former general manager of the stronghold of the EDF, Mr Francois Duteil. Pure and hard-core Communists as they are, no one can in any event claim to have the same record of service as Messrs Benoit Frachon, Georges Seguy or Henri Krasucki at the moment of their nomination.

Minus the curtain of ideological discipline but plus relative youth, Mr Maire, 55, can still complete two terms before reaching retirement age. It is his potential heirs who are wearing themselves out copying all the subtleties of his analyses in their demands on a day-to-day basis without opening the door

to new seeds of division within the organization. Mr Jean Kaspar, a former miner of Alsatian potassium who became secretary in charge of claim actions in 1981, has worn himself out trying to get the CNPF to guarantee a 35-hour week. Mr Jean-Paul Jacquier, the secretary general's idea man, got his wings clipped when he stood at the head of partisans of the December 1984 agreement on flexibilities which fell through. To defend the CFDT's moderate attitude toward the law governing layoffs, Mr Maire shoved the popular Nicole Notat downstage, a teacher whom some people immediately nominated as the first woman leader of a labor confederation. Before deciding that no one but he was in a better position to talk straight to the entire class of employers.

Small worries, however, with regard to the problem the imminent departure of Mr Bergeron, 64, poses for the FO. "When he leaves in 1988, half of the 12 members of the confederation executive committee will have reached retirement age," one of the big-wigs of the confederation pointed out. Since no successor has yet been named by the present secretary and since none of the names that have been suggested impress anyone through their personal charisma, at the Avenue du Maine they fear that the vacuum with regard to the media produced by the end of 25 years of Bergeronism will not be accompanied by a surfeit of applicants. "All the labor leaders now in office benefited from a period full of disputes and negotiations to prove their worth," Mr Huc noted with a certain nostalgia. Will the French labor movement have to go off to war again to find its future generals? Next fall will at least tell us whether it still has ordinary soldiers to do it.

Poll Results

Can you say whether you have a better or worse opinion of the following important figures:

(1) Opinions en pourcentages	(2) Bonne	(3) Evolution de novembre 1986 à juin 1986		(4) Mauvaise	(5) Ne sait pas	(6) Ventilation Droite/Gauche en pourcentages			
						(7) Plutôt bonne (9) Droite	(10) Gauche	(8) Plutôt mauvaise (9) Droite	(10) Gauche
André Bergeron (FO)	46	- 3	31	24		59	37	15	39
Edmond Maire (CFDT)	42	+ 7	27	31		37	54	35	21
Yvon Gattaz (CNPF)	23	- 6	37	40		40	11	20	60
Henri Krasucki (CGT)	20	+ 7	58	22		5	40	77	43
Raymond Lacombe (FNSEA) (11)	19		16	65		28	13	13	24
Paul Marchelli (CGC) (12)	18	- 4	15	63		27	11	14	30
Jean Bornard (CFTC)	15	+ 2	26	61		22	12	14	24
Jacques Pommatau (FEN) (13)	13	+ 4	31	60		8	22	24	16
René Bernasconi (PME) (14)	12	- 3	20	68		17	11	20	25

Key:

1. Opinions in percentages.
2. Good.
3. Change from November 1986 to June 1986.
4. Poor.
5. Does not know.
6. Right-Left distribution in percentages.
7. Better.
8. Worse.
9. Right.
10. Left.
11. National Federation of Unions of Farm Operators.
12. General Confederation of Managerial Personnel.
13. National Education Federation.
14. Small and Medium-sized Businesses.

Still intoxicating for the unions, the air of the opposition is already re-invigorating the two most distinctly leftist union leaders: Messrs Edmond Maire and Henri Krasucki. Both have gained 7 points in favorable opinions in comparison with 6 months ago. This has enabled the national secretary of the CFDT to again catch up with an Andre Bergeron less well off than when he was practically the sole union spokesman for those disappointed with socialism. Moreover, the leader of the FO is indebted to conservative voters for preserving his top rating with LE NOUVEL ECONOMISTE since more leftist voters leveled a negative judgment against him. But the big loser of the first 6 months of 1986 is incontestably Mr Yvon Gattaz, the target of convergent attacks by all union members, down 6 points in comparison with November 1985.

Overly Negative Unions

If you had an opportunity to vote tomorrow at your workplace to nominate delegates charged with defending your interests with management, whom would you choose?

		(1) Rappel novembre 1985	
Une liste de non-syndiqués	(2)	30 %	36 %
Une liste FO	(3)	14 %	12 %
Une liste CGT	(4)	12 %	11 %
Une liste CFDT	(5)	12 %	11 %
Une liste CFTC	(6)	3 %	2 %
Une liste CGC	(7)	2 %	3 %
Ne se prononcent pas	(8)	27 %	25 %

Key:

1. Reminder of November 1985.
2. A non-union ticket.
3. An FO ticket.
4. A CGT ticket.
5. A CFDT ticket.
6. A CFTC [French Confederation of Christian Workers] ticket.
7. A CGC ticket.
8. Did not express an opinion.

Most unions are today losing members and experiencing financial difficulties. In connection with this, which of the following statements do you feel closest to:

If the unions are in a crisis, it is because they are overly committed politically. 54%

If the unions are in a crisis, it is because they perform their union jobs poorly. 19%

If the unions are in a crisis, it is because many employers still refuse to admit unions in their businesses. 17%

Others. 3%

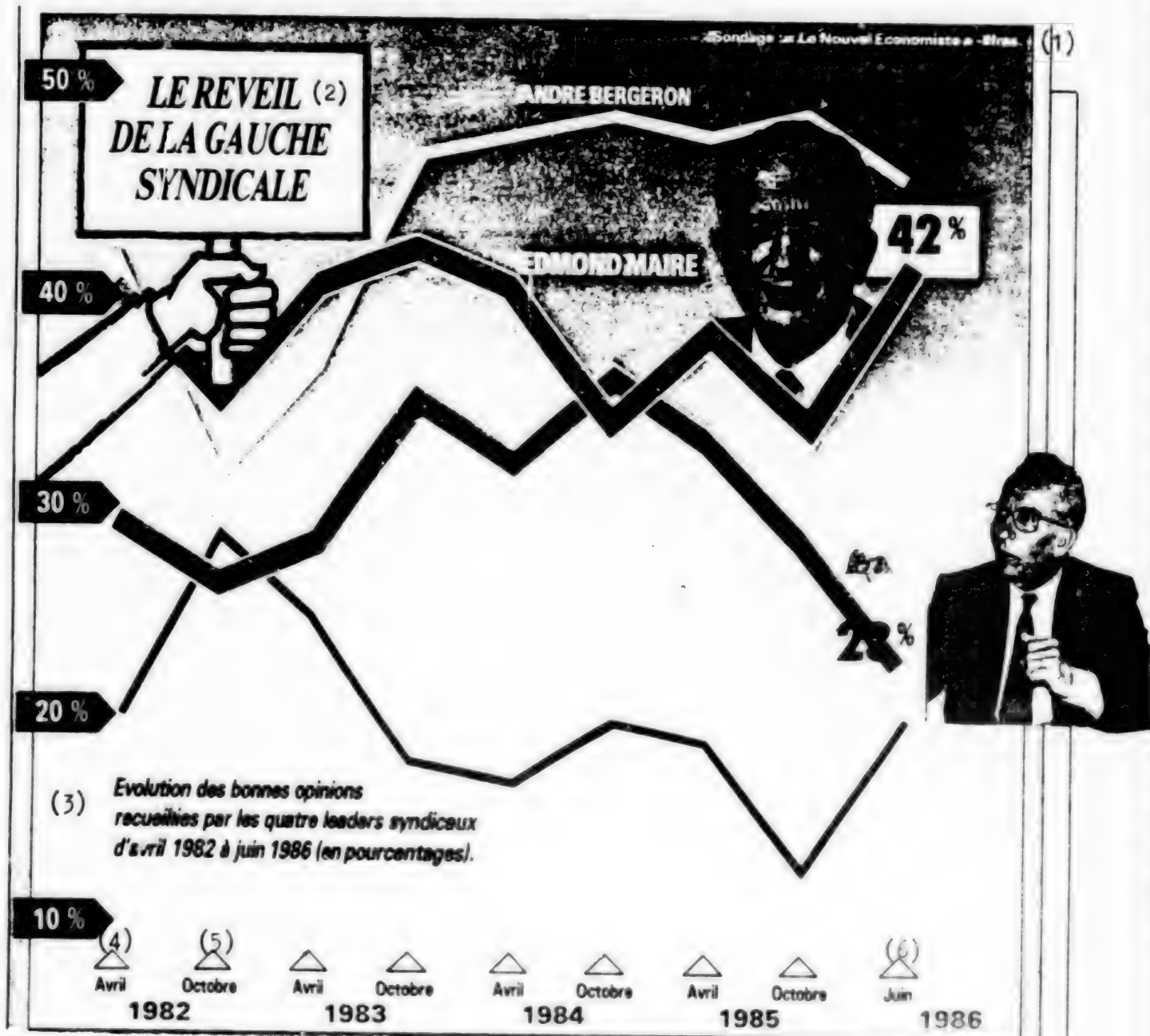
Did not express an opinion. 7%

As you see it, do the following labor organizations play a more positive or a more negative role in France's political, economic and social life?

(4) Opinions en pourcentages	VIE POLITIQUE (1)			VIE ECONOMIQUE (2)			Moyenne (3)	
	(5) Positif	(6) Négatif	(7) NSP	Positif	Négatif	NSP	Positif	NSP
FO	43	27	30	41	34	25	38	23
CFDT	32	40	28	33	44	23	35	25
CNPF	25	41	34	27	38	35	35	40
FNSEA	23	28	51	30	28	42	28	47
CGPME (8)	22	31	47	27	29	44	28	48
CFTC	21	34	45	22	28	52	28	44
CGC	20	34	46	25	37	38	28	41
CGT	18	63	19	19	65	16	30	17
FEN	16	42	42	16	38	46	28	44
SNPMI (9)	5	35	60	6	35	59	32	58

Key:

1. Political life.
2. Economic life.
3. Social life.
4. Opinions in percentages.
5. Positive.
6. Negative.
7. Did not express an opinion.
8. General Confederation of Small and Medium-Sized Businesses.
9. [not further identified]



Key:

1. LE NOUVEL ECONOMISTE-IFRES poll.
2. The awakening of the union Left.
3. Evolution of favorable opinions garnered by the four union leaders from April 1982 to June 1986 (in percentages).
4. April.
5. October.
6. June.

All bets are off for Mr Gattaz who has his worst score since our poll has been in existence. The chairman of the CNPF had his year of grace between October 1983 and October 1984 with Mr Laurent Fabius' government's conversion to "social liberalism." At the end of 1984 it was the failure of negotiations on flexibility of labor, which penalized everyone except Mr Bergeron. Mr Gattaz' rating has gone into a rapid decline: 11 points less between April 1985 and June 1986. On the other hand, after both of them had reached their lowest point in October 1985 — 35 percent for the CFDT leader and 13 percent for the CGT leader — Messrs Maire and Krasucki immediately profited from their return to the opposition. Political fluctuations that apparently have scarcely influenced Mr Bergeron's scores.

11,466

CSO: 3519/224

RACISM BLAMED IN CEUTA, MELILLA CITIZENSHIP DISPUTE

Paris LE MONDE in French 11 Jul 86 p 3

[Article by Thierry Maliniak: "When 'Moors' and 'Christians' Try to Forget Their Recent Quarrels"]

[Text] At first sight, Melilla could pass for another Andalusian town like many others, maybe somewhat dirtier and a little more delapidated: The same Plaza de Espana, the same Plaza de Toros, the same bars where one can drink sherry while eating "tapas" [appetizers] can be found there. But Andalusian Melilla is set right in the middle of the Moroccan coast, not far from the Algerian border. It is a 12-square kilometer Spanish enclave which, with Ceuta more to the west, is the last vestige of the Spanish protectorate in Africa; Morocco has for decades been laying claim to it.

Yet, until recently, Pepe the Christian and Mohamed the Muslim appeared to be living in good terms in Melilla. And now, over the past few weeks, they suddenly quarreled. Representatives of the two communities were seen coming to blows. Christian groups were heard to scream: "Out, the Moors," and Muslims to retort: "Fascist Christians!," while the house of the undisputed leader of the Muslim community, Aomar Mohammedi Dudu, was attacked twice.

"To Legalize Slavery"

Today, the calm having returned, Melilla, as in a daze, is filled with retrospective fear. The worse was avoided, but will it be the next time? Thus, in one camp and the other, from the left to the right, everyone is striving for moderation. There are endless talks about putting an end to secular injustices and, once and for all, to integrate the Muslims community. Behind the sweeping ideas, however, practical measures for achieving this goal differ substantially.

The origin of the crisis can be found in the "fed-up" feeling of the "Moors," as they are somewhat disparagingly called in Melilla, tired of being considered foreigners in what they feel to be their own country. Only 3,000 Muslims out of 25,000 (one-third of the population) have Spanish nationality. As for the others, they are either Moroccan or stateless. Yet, many were born in Melilla or have lived there for over 10 years, which, theoretically, gives them the right to Spanish nationality. How many? No one knows: There is no reliable census of Melilla's Muslims.

To understand the "Moors'" exasperation, it suffices to visit Canada de la Muerte or the Barrio de los Cuernos, the two hillside shantytowns near the border, where they huddle by the thousands: Tumbledown shacks lacking running water, enormous piles of rubbish overflowing onto dirt paths. The visitor is greeted with a torrent of demands: All the people stress that they were born there and that, for decades, they have been living there without identification papers, which leaves them open to totally despotic action. They make a living working irregularly at small jobs, without contracts or guarantees, and with the constant threat of being expelled toward the neighboring border: "And why should we be sent to Morocco since we are from here?," they demand indignantly. One may be poor in Melilla, but be nonetheless aware that one would be even poorer in the nearby Rif!

"Diehard Hispanics"

By promulgating a 1985 law aimed at regularizing the fate of foreigners in Spain, the Madrid socialist government unwittingly caused an explosion. Dudu, who sometimes gets carried away by his own fiery rhetoric, asserts: "The law wanted to legalize slavery in Melilla. It was going to turn us into eternal strangers in our own town." In view of the scope of these protests, the government turned about and decided to implement a more liberal policy for the granting of nationality: Following a first unfruitful agreement between the ministry of interior and Dudu, in February, a second, more durable one was signed in June.

"The socialist government understood that a member country of democratic Europe could no longer maintain a small South Africa on its doorstep," asserts Dudu. Abdelkader Mohamed, the leader of the Terra Omnium Organization, the first institution to represent the Melilla Muslim Community, also airs his satisfaction: "A Madrid government has recognized for the first time that the Melilla problem was rooted in the discrimination we were made to suffer. It is a historical awakening."

"A progressive government could not tolerate such an enormously unfair situation," actually recognizes Andres Moreno, the Madrid delegate to Melilla, who personally paid the cost of the official retractions: Previously attacked by the Muslims, he has now become their staunchest ally, whereas it is the turn of the "Christian" political parties to demand his resignation. "Our first task is to ready a census before the end of the year in order to determine how many Muslims are actually living here. Then, all of those who have a legal right to the Spanish nationality will get it. The others will be able to request a residency permit. Concurrently, we are determined to close the border in order to stop illegal immigration, lest we run the risk of being once again faced with the same problem within 10 years."

Official circles assert: "We are only implementing the law." But legal texts are in reality sufficiently flexible to allow quite different interpretations. As a matter of fact, the conservative political parties also use the law to rebel against the conciliatory attitude of the socialist government toward the "Moors." The "diehard Hispanic" sectors are the most indignant. Jose Imbroda, the UPM (Melilla People Union) president, asserts: "Widespread Moroccanization is the real threat for our town. It is sheer madness for the government to be

implementing a policy which stimulates it. Most Muslims requesting Spanish nationality have in fact Moroccan identification papers. The problem of Melilla Muslims is that of the Mexican Chicanos in the United States!"

Racism Born of Fear

Similar fears were expressed less radically at the headquarters of the conservative faction, People's Alliance, the leading conservative party of Melilla, during the latest legislative elections. Deputy Jose-Luis Santos asserts: "Many people in this town distrust the reasons behind the current requests for Spanish identification papers by so many Muslims. As a matter of fact, they doubt the Muslims' real desire to become integrated into the Spanish community and, in the future, to defend the Spanish character of Melilla."

For the Muslims, however, the Christians' reticences arise in fact from a single concern: To maintain vested advantages. "Today, an employer can pay a Muslim half of the minimum wages, make him work 12 hours a day and fire him when he wants to," emphasizes Abdelkader Mohamed. "Once this Muslim worker regularizes his situation, everything will change. In the future, he will be able to try setting up a business or buy a shop: Many Christians view us only as undesirable competitors."

Fear of competition, maybe. But a more diffused fear also gnaws the Christian community: That of the future. One feels somewhat like a "pied noir" [Algerian-born French citizen] in Melilla: Neighboring Morocco, which is gradually penetrating into this last foreign enclave, is viewed with concern. Julio Bassets, secretary general of the Melilla socialist section, stresses: "The provisional is the dominant feeling here. Everybody knows that tomorrow is uncertain. Thus, if someone takes to the street waving a flag, asserting that our Spanish heritage is threatened by the "Moors," that is sufficient for many people to follow him."

Jose Mario Sanchez, the leader of the communist trade union, Labor Commissions, expresses himself more succinctly: "It is true, there is racism in Melilla: A racism born of fear." And he adds: "The wealthiest are gradually transferring their capital to the Costa del Sol. The others, the small merchants who barely make ends meet, cannot do so: They are the most virulent, because they have the most cause for anguish."

An anguish that Manuel Cuenca, president of the Melilla Shop Owners Association, expresses bluntly, from the back of his shoe store: "Twenty or 50 years from now, the Muslims will be in the majority here because of their birth rate. The rate at which nationality will be bestowed can only speed up or postpone the dateline. So, no matter how much we tell ourselves that the constitution ensures the Spanish character of our town, that the army will defend us, we nevertheless live with the constant overwhelming fear of the future. In the bottom of our heart, we all know, even if it hurts us to admit it, that Melilla will some day be Moroccan. Moreover, I am not asking that it remains Spanish forever: I only ask that, when it happens, Madrid does not leave us totally helpless." In the back of his shoe store, Manuel Cuenca only knows too well, like most Christians in his town, that geography is unrelenting. In Melilla more than anywhere else.

6857

CSO: 0519/227

22 PERCENT OF ANNUAL BUDGET REPORTEDLY SPENT ON SOCIAL SECTOR

Madrid EL PAIS in Spanish 14 Jul 86 p 37

[Article by Gustavo Matias]

[Text] Madrid--The initial estimates using European Community (EC) standards of what Spain spends on social benefits has surprised even the authors of the study. If these figures are confirmed, they will total 22 percent of the gross domestic product (GDP). This represents one out of every four or five pesetas generated each year by economic activity. The proportion is equivalent to what the United Kingdom, the home of the "welfare state," allocates for the same purpose each year.

The plenum of the interministerial commission on coordinated social benefits statistics will meet over the next few weeks to study this first evaluation, which corresponds to 1982 and was carried out by the administration in conjunction with the European statistical office, Eurostat. The results of the analysis, in which at least 20 percent of social spending remains to be computed (specifically, the spending by the autonomous communities, local corporations, private or public enterprises, and private non-profit institutions), already are equivalent to 18 percent of the GDP.

Surprise and Skepticism

The preliminary estimates made by Integrated Social Benefits Statistics of the EC (SESPRO), which will reportedly reach 22 percent of the GDP once the study is completed, have surprised even the authors of the work, and have also aroused skepticism among other people who have had access to the figures. The last unrevised figures Spain gave Eurostat referred to 1980, and they pegged social spending at 16.1 percent of the GDP. Moreover, the most recent evaluations were still lower: In 1985, according to the Bank of Spain, social benefits paid in money and in kind by all public administrations totaled 4.173 trillion pesetas, 14.8 percent of the GDP.

In view of the first negative reactions by experts outside the administration ("it must be an error, bad demagoguery," said Antonio Gutierrez of the Workers Commissions), those responsible for the study have stated that they themselves recommend that it be used with caution. Maria Teresa Giraldez Nunez, assistant director general of statistics of the Ministry of Labor and Social

Security, has stated that she "agrees that it should not be used to trumpet our success." In her opinion, first the actual use of the funds and the beneficiaries will have to be carefully studied. Among these beneficiaries, the most important group after pensioners is employees. In other words, social benefits may have gone up in some cases because of the economic crisis rather than measures aimed at improving social well-being.

Alfonso Barradas, an official in the same department, believes that the fact that Spain's spending figures approximate the percentage of the GDP spent in the United Kingdom is unimportant, because that country is now at the bottom of the list in the EC.

In fact, there is a certain relationship between the amount each country spends on social benefits and total consumption per capita, measured in terms of ECU (European Accounting Units). Greece, Ireland, Italy and the United Kingdom are in last place in both of these categories, while Belgium (31.4 percent of the GDP), Denmark (30.3 percent) and Germany (29.4 percent) are in first place, according to Eurostat data for the year referred to in the Spanish study, 1982.

In ECU terms, Spanish consumption per capita is only 3/5 of the average for the 10 countries in Europe. Only Greece and Ireland reported lower figures, while Germany's total was more than double Spain's.

Tenth Place

If the interministerial commission confirms the 22 percent figure after completing its work, Spain will be in tenth place in the EC in terms of social spending. Below it will be Greece, which has not yet supplied precise data, and Portugal, where estimates similar to those in Spain reveal 14 percent of the GDP, also higher than what had been reported previously.

In any case, no other European country has made as monumental an effort in the social sphere as Spain has. At the beginning of the political transition in 1975, it was spending just 11.7 percent of the GDP on this category, according to Eurostat estimates that have not been revised to meet EC standards. The EC average was double that amount. Even Portugal was spending 11 percent at the time (also unrevised figures).

Nevertheless, 1982 was the year when social spending took off in Spain, according to the latest estimates by the Bank of Spain, which include the funds allocated for social benefits by all the public administrations. The Bank of Spain's calculations follow more restrictive criteria than Eurostat's. Compared to 15.1 percent of the GDP in 1982 and 1983, the bank estimates a decline to 14.3 percent in 1984, and then 14.8 percent in 1985, when this spending totaled 4.173 trillion pesetas. This figure is just over 1/3 of what all the public administrations spent (11.442 trillion pesetas).

Despite this relative decline in the last 2 years, pensions and unemployment benefits, which have been driven upward by the economic crisis (especially the latter), have continued to expand their share in spending. Although the pension reform law went into effect in mid-1985, curbing the expansion of

allocations in that area in the medium term, spending in that category still rose by 14.3 percent despite the average revision of 7 percent. Unemployment expenditures rose by 30 percent during that fiscal year. In contrast, health care benefits rose by just 12 percent, temporary disability payments remained stagnant, job disability benefits fell by 12 percent, and family protection outlays dropped by 21 percent.

8926

CSO: 3548/72

MINISTER FAVORS INTERNATIONAL EXPANSION BY FRENCH COMPANIES

Paris L'USINE NOUVELLE in French 3 Jul 86 pp 22-24

[Rene Le Moal, Francois Roche and Roselyn de Clapiers interview Michel Noir, minister delegate in charge of foreign trade]

[Text] [Question] What is your analysis of the French industrial trade balance and its basic trends?

[Answer] There is room for concern and room for hope. First of all, let us emphasize that France is the world's fourth exporting country. Our per capita exports place us second worldwide among industrialized countries. However, there are not enough enterprises established abroad. Thinking about exports is no longer sufficient, setting up new avenues is a necessity. Furthermore, it is also necessary to shift from "thinking French" to "thinking international." It is a small revolution which must be brought about in the mind and heart. The French economy being totally committed to the international market, we are condemned to taking up this challenge. Which represents quite an effort.

The in-depth analysis of the industrial balance shows that France has fallen behind over the past few months. Our wage costs per produced unit increased. The gap widened glaringly as compared to West Germany. Our industrial productivity is unsatisfactory due to underinvestments. And until these last few months, a problem of differential in inflation rates weight down enterprises that wanted to remain competitive.

Another factor, financial competitiveness, was underestimated. When reviewing the structures of the accounts of the enterprises, the high levels in the balance sheets are even less healthy than those of our major competitors. When the burden of the financial charges absorbs too large a proportion of the gross operating surpluses, an enterprise is not in as good a position as its competitors. Prior to 16 March, we were told a little too often that self-financing was improving and approaching 100 percent! But, if one invests 20 or 30 percent less than one's competitors, one can very well self-finance at 100 percent! Likewise, it serves no purpose to say that margin rates are improving substantially if they are earmarked for paying the interests of the debt.

We are shockingly caught in a loss of competitiveness. Hence the in-depth measures taken by the government in an attempt to restructure the high levels in the balance sheet of the enterprises and enable them to find once again their financial competitiveness with the help of lower money rates and more competitive financial and bank services. Hence also the freedom of decision returned to the enterprise and a nascent reduction of its expenses.

[Question] Should not this policy include a industrial structure category? Is the disengagement of your department from the ministry of industry without effect?

[Answer] It is much better for the ministry of foreign trade to be linked to the economy sector, for a whole series of decisions affecting us come under the jurisdiction of the finance sector. It is consequently easier for me to have my concerns taken into account by the minister of state in charge of finance. If I were linked to industry, the dialogue would be different.

[Question] Will it ensue that there will be no sectorial export plans?

[Answer] No. One should think across the board, not in terms of sectors. It is not the government, but the industrial enterprises **themselves which adapt** to their world market. They are the ones which must follow the specific characteristics of the products demanded by the marketplace in a competitive world. It is not up to us to bring market opportunities to their attention.

[Question] Can we really expect exports to recover within a few months?

[Answer] Forecast models are not sufficiently flexible to take into account the current slope of our industrial balance. You will note that within a 2-month interval INSEE [National Institute of Statistics and Economic Studies] downgraded its commercial balance forecasts. The trend cannot be reversed in 3 months. However, the overall system put into position can have a swift positive effect on the enterprises, especially on the attitude of the decision-makers, by making them look forward to the future. The "trust" variable is a very important criterion which often thwart the most sophisticated previsions.

I have already noticed a ripple from the standpoint of industrial investments. And the financial reorganization now in progress will alleviate the burden of running the enterprise. This, added to our new-found price competitiveness engendered by the devaluation, puts us in a position, as compared to our European partners, which allows me to wait for a trend reversal between the beginning and the end of the first 1987 quarter.

[Question] You set up a commission made up of industrialists whom you entrusted with submitting proposals for measures favoring foreign trade. What guidelines did you retain?

[Answer] The goal of my 3 July "export plan" is to shift the French from thinking "exports" to thinking "setting up a venture in a region." We are West Germany's second supplier, but only the fifth investor in that country. In 1985, France ranked 12 among investors in the FRG. Another example: In South Korea,

France only holds 1.7 percent of the foreign investment stocks, whereas that country will be the world's eighth industrialized country in 15 years. Commercial networks must be set up, but it is also necessary to think about setting up production facilities. For these investments create a flood of exports.

I want to offer the enterprises concomitant means for their effort in getting established abroad. Especially when it comes to taxation, I want to make the current system of tax provisions more productive for export-generating foreign investments.

I calculated that, in the matter of excess tax yield revenues, the famous Article 39 octies of the General Tax Code offers returns within 18 months. What minister of budget is not responsive to such an argument? I have no difficulty proving to him that the 39 octies costs 1 billion, but generates between 12 and 15 billion in additional exports, sources of tax revenues.

[Question] Large-scale contracts are becoming scarcer. Do you intend reinforcing state support to the large enterprises which submit bids for international proposals?

[Answer] It is true that the size of the world market for large-scale contracts is shrinking. Competitors are more aggressive and show better results with the credits which they offer to the purchasing countries. Sometimes, outbidding and unbound imagination are noted in that sector. It is obvious that, if the OECD countries increase the gift factor in their credits, the PVDs [developing countries] will profit from it. But is it a healthy way to be a competitor?

I will not drop groups which derive more than 50 percent of their turnover from exports. We must see to it that they remain competitive, especially at a time when interest rate developments and, based on country categories, the change of the OECD consensus rate schedules are alarming. It is necessary to make the best of circumstances and to follow suit. To let our large-scale groups set themselves outside the international markets is out of the question. For there are agents and jobs behind them. And taking one year with another, large-scale capital equipment contracts amount to between 80 and 100 billion francs in exports. I will not play the sorcerer's apprentice for such sums which involve capital equipment sectors so needed by France.

[Question] Will you modify the current support system?

[Answer] The guiding idea is to set up a flexible system enabling us to make good decisions in time. I aim for efficiency based on the notion of freedom. Not through the increased harnessing of public resources, but by allowing the enterprise to bid quickly in order to avoid ever-increasing successive demands. In other words, to make it simple, flexible and efficient in the shortest possible time.

[Question] Will you continue to disallow export credits?

[Answer] Our policy of lower interest rates is aimed at improving our competitiveness as compared to our competitors. Based on this rule, one can wonder if it would be advisable to set up interim stages for interest rates pertaining to

investments, exports and housing. In that field, all or nothing is never a solution. One must adjust.

[Question] Are banks playing the game?

[Answer] When they become fully competitive, that is to say, risk-taker partners of the enterprises and not guarantee-demander notaries, they will engage in a better dialogue with the firms. And especially with the PMIs [small and middle sized industries]. It is normal that, in terms of risks and credit guarantees, the latter should be as well attended as the large enterprises.

[Question] Will the public authorities pay greater attention to the PMIs, since their responsibilities are increasing with regard to French exports?

[Answer] Sixty percent of export volumes derive from the recurrent sales of everyday products which indeed very much concern the PME's [small and middle sized enterprises]-PMIs. My goal for a 5 percent increase in the export-generated turnover of these firms would make it possible to export an additional 40 or 50 billion annually. This, therefore, does show the importance which public authorities place on the PMIs-PME's. What must be done for them?

1. Continue to help them along in their market research efforts and commercial presence in international fairs. Our presence in these fairs, which makes it possible to get a feel of the markets and to make contacts, is five to six times less than the Germans'.
2. Help them along with quality services from the economic development posts located abroad: Market information and assistance.
3. Place more VSNAs (national service volunteers) at their disposal, especially in industrialized countries such as West Germany.
4. To allow them to benefit from a better assumption of risks by COFACE [French Foreign Trade Insurance Company] with really timely decisions thanks to a greater decentralization.
5. I am also waging an anti-Shadok fight, that is to say, against paperwork and administrative constraints. France holds the Nobel Prize for preliminary agreements: Those must make room for a posteriori controls by polls.

[Question] Are not PMI markets found mostly in industrialized countries?

[Answer] The structure of our foreign trade has been reorganized for several years: The weight of OECD countries is now close to 80 percent. I do not deny that the PMIs can negotiate transfers of technologies and joint ventures with some developing countries or new industrialized countries such as South Korea. But the PMIs-PME's must be cautious with far away markets. Only those PMIs which hold a small superspecialized corner of the world market can succeed in this endeavor. Most of them must strive mightily in our neighboring countries.

I return to my obsession with West Germany: France has only 900 established enterprises, whereas Germany has established three times as many in France. Now, the German market amounts to a 44 billion deficit, the Italian market to 22 billion. We have on our doorstep, in the great EEC domestic market which will be completed in 1992, a tremendous export potential. Everything which can promote the PME's effort in that direction will receive priority. While trips organized for 500 people appear to me to be counter-productive, any aid for individual visits involving market research and a serious follow-up will be encouraged. Each time I meet professional federations, I propose to them to sign a moral contract to help the PME's effort.

[Question] Do not your goals require an expansion of your financial resources, whereas the trend is to budget restrictions?

[Answer] Let us take the example of the DREE. Why are 140 people needed to manage 2,800? We must clean up our own act, make administrative efforts, become more productive and, in time, find productivity methods. Why should organizations in charge of foreign trade aid not search for productivity? I made some of my assistants uneasy when I suggested that we send a bill to the enterprise requesting information from a New York PEE which will have to pay a \$200 fee to search an American data bank. Since April, I have ordered certain services to test this procedure. It is uncalled for not to bill for some of the costs. I will have the results in 3 months. I suspect that the enterprises will not be shocked. The CFCE could also use this procedure. Its management will be responsible for the decision.

[Question] What is France's position concerning GATT [General Agreement on Tariffs and Trade]?

[Answer] The likely launching of a new cycle of multilateral trade negotiations arrives at a time when a resurgence of bilateral aggressiveness and protectionist temptations is being noted. The Americans, who are pushing strongly for a new round, are unsheathing their weapons at the same time: They announced customs duties on French food products (luckily, the European countries in Luxembourg, once again united, reacted); they signed a bilateral agreement with Japan, pertaining to components, which is nothing more than an agreement about market shares and standard prices, a 1930-version cartel; and they unilaterally announced measures against German machine tools.

France's position is clear: There will be a general negotiation or no negotiation at all. No preferential subject or speedily handled treaty, as desired by the Americans in the agricultural sector. We will aim at a consensus of all the partner countries, taking into account the PVDs' concerns. If Brazil and India, leaders of the PVDs, are not present in Punta del Este in September, there will be no new round. France will see to it that Japan's structural surplus is reviewed. There will be no negotiations if they are aimed at dismantling the EEC joint agricultural policy.

France has no reservation about a negotiation on services, but it is cautious, for it has no desire to see the too rigid attitude of the United States lead to a complete refusal on the part of the PVDs, such as Brazil. A consensus must therefore be found.

[Question] You have canceled the subventions to the National Export School [ENE]. Yet, the French enterprises lack high level business people.

[Answer] High level business people are not trained in an ENE. Anyone who has worked in an enterprise is very well aware of that. The assessment I requested about ENE prior to taking my decision shows that one can use other training initiatives with a little public money to seek synergetic effects. It is my philosophy when public funds for which I am responsible are involved. It is more efficient than putting 15 million francs in one ENE which will train cadres at an annual cost of 100,000 francs. One need not be trained at ENE to work 15 hours a day, including Saturdays and Sundays, and fight on the marketplace. The problem of France is that it should have more foot soldiers in the fields and less parasites in the head offices.

[Question] Where will those foot soldiers come from?

[Answer] From all the existing schools, by integrating the international theme as a dominant feature in our system of higher education; on-site training; and from an encompassing culture including taste, the inspiration of the open sea and international scope and requirements.

[Question] How do you judge French exporters?

[Answer] I am resolutely optimistic when I note the extraordinary energy of the PMIs. Some of them export 10 to 20 percent of their turnover to Japan or the United States. If only they were given the best possible environment, you would see their performances! Do not forget that our children, who will be tomorrow's foot soldiers, are already living at the international hour.

[Question] Will they be salesmen?

[Answer] It is a question of dynamism, mentality, aggressiveness, a socio-cultural affair. A world protected by a comprehensive insurance does not develop a taste for competitiveness. A system based once again on the values of individual initiatives of risk and competitiveness will somewhat change its way of thinking. Thus, 80 percent of the HEC [School for Advanced Business Studies] graduates wanted to go to work for large enterprises 10 years ago; today, they want to create their own.

6857

CSO: 3519/229

REASONS FOR FOREIGN TRADE DIFFICULTIES ANALYZED

Paris LES ECHOS in French 3 Jul 86 p 4

[Article by C.C.: "France Poorly Adapted to World Demand"]

[Text] The deterioration of France's manufactured-goods balance--a decline that has accelerated in recent months--is far from being of recent origin. And although INSEE [National Institute of Statistics and Economic Studies] is forecasting for 1986 a decline of 25 billion francs in the manufactured-goods surplus (from 80 billion francs in 1985 to 55 billion in 1986), the chapter that it devotes to foreign trade--in its report concerning the national accounts for 1985--is valuable first of all because it reminds us that this slippage began early last year: in 1985, the manufactured-goods balance had already declined by some 15 billion francs. INSEE also points out that although the decline in the price competitiveness of French products, together with situational factors, are partly responsible for the current unfavorable situation of our industrial exports, the roots of the problem go even deeper, thus making specific remedies--such as devaluation--sometimes not very effective.

Finally, the overall French external accounts picture in 1985 was as if a rough draft of the current situation, with the possible exception of the food and agricultural sector, whose record surplus--recorded in 1985 (31 billion francs)--is in danger of not being replicated this year. The energy constraint is beginning to be relaxed. Although sales remain heavy (180 billion francs) they have begun to decline and are 6 billion francs less than in 1984. Concurrently, the manufactured-goods surplus is beginning to weaken, falling 14 billion francs below the figure for 1984. INSEE notes that this decrease affects all branches of manufacturing--civil and military--although in differing proportions. Whereas the consumer-goods sector has largely been spared (down 1.5 billion francs from the 1984 figure), the professional-equipment sector has been the most affected (down 9 billion francs). INSEE ascribes these initial slippages in the manufactured-goods balance to three sets of factors:

[1.] First and foremost, the situational lack of synchronism between France and its partners no longer helps to improve the rate of coverage. "Domestic demand, which is more sustained, stimulates imports as a whole, whereas the net slackening of foreign demand slows the pace of exports," INSEE explains.

Exports, in fact, are increasing by only 0.8 percent, whereas imports are increasing by 5.5 percent. More precisely--INSEE says--the evolution of the various manufactured-goods balances depends on the specific dynamics of foreign demand: for example, the revival of consumption on the part of our principal industrialized partners explains the relatively favorable balance in the category of goods destined for household use. On the other hand, the slowdown in the growth of investment abroad, and the improved performance of investment in France, have contributed to the reduction in the producer-goods surplus.

[2.] The second factor involved in this deterioration relates to the decline in the price competitiveness of French products. The year 1985 was characterized by renewed penetration of the domestic market--with the rate of penetration increasing from 39.3 percent in 1984 to 40.8 percent in 1985--and by the loss of market shares abroad. "Although price competitiveness improved between 1981 and 1984 with the help of the three revaluations and the appreciation of the dollar, it stagnated in 1985 as a result of the maintenance of the parity of the franc and the decline in value of the dollar," INSEE says. On foreign markets the French positions also suffered erosion. The French share of the total exports of the eight principal OECD countries decreased to 10.6 percent from 10.9 percent, while the FRG's share was increasing to 24 percent from 23.4 percent. "This development," according to INSEE, "is all the more disturbing because in 1985 all of the European countries--except France--were improving their position in world trade." France is one of the few countries that have been unable to profit from the weakened competitiveness of the United States in its export markets.

[3.] The final element involved in the explanation of the poorer performances of the "made in France" label in 1985 is the unfavorable geographical orientation, together with specialization in unfavorable products, that have prevailed since the beginning of the 1980's. These two factors--which make for the structural fragility of our industrial exports--are very important for the medium term but have been masked by the successive monetary readjustments. Actually--as INSEE explains--France's adaptation to world demand has deteriorated steadily since 1980. The index of adaptation constructed by the Institute shows that whereas France's adequation to world demand sustained French exports from 1967 to 1980 (its contribution was estimated at +17 points), it restrained them after 1980 (-11 points between 1980 and 1984).

10992

CSO: 3519/219

CONSTITUTIONAL COUNCIL FINALIZES PRIVATIZATION PROCEDURE

Paris LES ECHOS in French 27 Jun 86 p 3

[Article by Claire Chazal: "Green Light for Privatization"]

[Text] The Constitutional Council yesterday rendered its decision concerning the draft of the government-sponsored economic and social enabling act. By declaring the document "in conformity, with reservations," the nine wise men of the Palais Royal are virtually discharging the government from all liability and in any case are giving it the green light to promulgate the law. The text has not been altered, and the legislative process can now follow its course: the law can be enacted in the summer, followed by the start of the operations, with one or two companies placed on sale before year's end.

To be sure, the Constitutional Council is imposing upon the government a number of conditions which relate basically to the privatization of the 65 firms and-- incidentally--to the economic controls instituted by the laws of 1945 and fated to disappear by the terms of Edouard Balladur's measure.

Concerning the process of privatization, the Council has expressed four kinds of reservations, which must be observed at the time of the definitive drafting of the law establishing the practical modalities of the operation, as follows:

[1.] The first rule concerns establishment of the procedure for appraising the assets to be transferred. "The valuation shall be made in accordance with the methods customarily followed in connection with the sale of the assets of companies," the Council specifies, "taking into consideration especially the market value of the securities, the value of the assets, the earnings, the prospects for the future, and the individual situation of each of the affiliated firms." Moreover, the Council is requiring that the transfer values be determined by "competent experts who are totally independent."

On this point there is apparently nothing that really constrains the government. Balladur has in fact always indicated that he would use audit bureaus or other experts for the valuation, and also a specialized committee composed of qualified persons whose task would be to examine the transactions on a case-by-case basis. As for the collection of criteria stipulated by the Council, they appear always to have been included in the various drafts of the law, and in any case incorporate only practices that are quite current.

[2.] The second condition stipulated by the Constitutional Council derives from the first one: the government is enjoined from "selling at clearance-sale prices" assets that belong to the community. Pursuant to the Declaration of Human Rights, the nine wise men in fact stipulate that "assets or enterprises that are public property cannot be transferred for less than their actual value to anyone who is pursuing private interests."

[3.] The third rule is that purchasers must not be chosen on the basis of any privilege. The government could accordingly be directed to incorporate this principle into the law--a principle that is a priori somewhat vague and whose implementation can be controlled only on a case-by-case basis during the actual process of privatization.

[4.] The fourth condition is that national independence must be preserved. We know that this question has always been regarded as of decisive importance both by Matignon and by the Rue de Rivoli; the minister of the economy has often expressed his desire not to see the nationalized companies transferred too massively to foreign investors and managed by them. Camille Cabana is currently busy searching for ways of providing legal protection, and Edouard Balladur has now and henceforth accepted the principle of the "Golden Share": that is to say, preferred stock by means of which the French Government could oppose any transfer of title to a foreign owner, whether European or not.

All in all, therefore, these restrictions are not inconsiderable but in the final analysis impose few restraints on the government. In any event, the nine wise men said nothing concerning the "public monopolies" argument invoked by the opposition. On the contrary, the Council believes "that based on the information at hand, the enterprises to be privatized--and their subsidiaries--are not in reality monopolies and may therefore be transferred to the private sector." Concerning the issue of valuation--another talking point of the socialists--the Council is not very exacting either.

What controls can now be exercised over the action of the government in the matter of privatization? First of all there is the control exercised by the Council of State, which must study the law. The government is not obliged to accept its conclusions, however, and should theoretically be in a position to present its document toward the end of July. The Council of State could thereafter consider a case only if it is brought by one of the parties involved in the privatizations and at the time the properties are offered for sale: that is to say, in the fall of 1986. But such an appeal--brought by a taxpayer, for example--is highly unlikely and in any case is not a bar to subsequent legal actions.

There is still the president of the Republic. He signs the law, and can therefore refer back to the decision of the Constitutional Council to request--or not to request--the government to review its copy. In the light of the conclusions of the nine wise men, he will have very few arguments at his disposal. He will in any case be unable to rely on the Constitutional Council to oppose--as he apparently wished to do--the privatization of those companies that were nationalized before 1981. The government needs only to draft a new law at the end of 5 years, if--as can be anticipated--the privatization program has not been completed, and send it once again to Parliament.

10992

519/219

EEC APPROVES INFRASTRUCTURE FINANCING

Lisbon DIARIO DE NOTICIAS in Portuguese 15 Jul 86 p 3

[Text] Community financing amounting to about 4 million contos, pertaining to 213 Portuguese projects which have applied to the European Regional Development Fund, was approved yesterday in Brussels by the European Commission.

The group of projects now approved originated from the local self-government areas and has to do with control over infrastructure facilities, especially in terms of reducing the shortages observed in the area of sewage and running water supply to homes.

Through this new financing, the Central Region is now compensated for the insufficient number of projects approved on earlier occasions; it got approval for 123 projects adding up to 1.5 million contos (11.3 million ECU).

On the other hand, the Northern Region got approval for 57 projects; the Algarve region has approval for one project worth 725,000 contos, while Madeira got 800,000 contos for all of its projects. The European Commission furthermore accepted 19 proposals of a multiregional character, after considering the program for the establishment of water supply facilities in the Dao-Lafões zone as a project of major importance in the context of proposals now approved.

It is recalled that, ever since it joined the EEC, Portugal obtained approval from the European Regional Development Fund for 522 projects corresponding to a financing amount of 46 million contos. The amount now granted is a part of the fifth package this year which included 1,433 proposals pertaining to Belgium, Denmark, Greece, Spain, France, Ireland, Italy, Portugal, and the United Kingdom.

According to the European Commission, this financing contributed to the preservation and creation of 20,000 jobs, amounting to 48 million contos (334 million ECU), of which 15 million are destined for the area of industry, crafts, and services.

5058

CSO: 3542/130

ERRATUM: This BRIEF republished
from JPRS-WER-86-072 of 21 July 1986
to provide a correct monetary
designation.

ECONOMIC

PORTUGAL

BRIEFS

POSITIVE CURRENT ACCOUNT BALANCE--The current account balance for 1985 was positive by \$411 million (65.161 million contos), according to provisional data published by the Bank of Portugal. This account was \$520 million in the red in 1984 and in the previous 2 years it was negative by \$1,640 million and \$3,200 million respectively. This improvement was the result of a decrease in the trade balance deficit by \$572 million and a positive balance for tourism totaling \$902 million and unilateral transfers of \$2,228 million (of which \$2,093 million came from emigrant remittances). The basic balance, which is the total of current transactions and medium- to long-term capital, also showed a positive balance of \$1,426 million (248.372 billion contos).
[Text] [Lisbon DIARIO DE NOTICIAS in Portuguese 19 May 86 p 4] 9935/9738

CSO: 3542/106

INVESTMENT, ECONOMIC ACTIVITY SEEN INCREASING IN CATALONIA

Frankfurt/Main FRANKFURTER ZEITUNG/BLICK DURCH DIE WIRTSCHAFT in German
19 Jun 86 p 2

[Article by ang.: "Catalonia Woos Foreign Investors"]

[Text] "Catalonia is traditionally the entry state for foreign enterprises in Spain, and now for non-European enterprises in Europe." Recently, this is how it was expressed by Jordi Pujol, president of the Generalitat de Catalunya--the traditional name for the Catalan state government--, at an investment seminar in Frankfurt. Like many of his Central European colleagues, Pujol likes to be on the road as a skilled industrial canvasser for his region. Naturally, foreign enterprises interested in the Spanish market are quite aware that one can find good conditions for investments also in Madrid, in the area of Valencia-Alicante, or elsewhere. If investments follow certain large-scale projects, it may also lead to a very different choice of location. Events in recent years in the region of Zaragoza are an example of this. Catalonia--always a favored industrial location--in recent times has become even more attractive.

With a 16 percent share of Spain's total population, Catalonia provides more than 26 percent of the country's industrial labor force; it comes in for a 26 percent share of all Spanish imports and an almost 22 percent share of all exports; one-fifth of the Spanish national product is earned in Catalonia, but only 6 percent of its working population is still employed in agriculture (the national average is still above 17 percent). Many other economic indices are also favorably above average. By international comparison, Catalonia is in a good position, since meanwhile it has advanced into the circle of the 10 most industrialized regions of Europe.

True, all this is not new. What is new, however, is the advantage which Catalonia as an industrial location is experiencing as a consequence of Spanish membership in the European Community. The advantages of Catalonia's geographical location become effective to the extent in which conditions of a truly domestic European market are created. In addition to past orientation toward the Spanish market, new orientation toward the markets of southern France and northern Italy will be of equal, or even greater, importance. The imagination of market-conquest strategists finds rich food for thought here. Advantageous production conditions are

combined with excellent sales conditions in the form of optimal connections by land, air and sea. Of course, this new situation must be thought through separately by individual sectors and even individual enterprises. Then new advantages become evident for greatly differing sectors.

After the Volkswagen take-over of the controlling financial interest in the Spanish car manufacturer SEAT on June 10, the Wolfsburg sales planners also have in mind Italy and France as sales territories for the new small and medium class car from the Spanish production plants. In the opinion of experts on the country, however, Volkswagen will probably have to learn some things the hard way in the unfamiliar Mediterranean ambiance.

Bertelsmann is another case. This German media giant suddenly advanced not only into the position of being the largest publishing company, but also the largest printing enterprise on the Iberian peninsula. Its modern large-scale printing firm Eurohueco S.A. in Castellbisbal with a current daily production of 400,000 journals ("and there are still some free capacities") will serve as an important tool to penetrate the French market, which is considered difficult, "from the South." At least, this is what Rainer Hampp of the Spanish Bertelsmann group announced, without fear of a possible French "Hohenzollern" syndrome.

Thus the "new Germans" in Catalonia are decidedly Europe-oriented, while the "traditional Germans" were primarily or exclusively oriented toward the Spanish market, because of past political, economic or sector-specific conditions. This is especially true of the chemical and pharmaceutical industry which, from Catalonia, has built up a dominating position in the Spanish market. Not a single important German chemical enterprise is missing from their circle. But before they can take their place in a new division of labor, perhaps also internationally oriented, they will have to undergo a painful structural adjustment process. Within a few years, only about 150 to 200 firms will continue to exist of about 350 pharmaceutical enterprises in Spain today. This is the prediction of Klaus Schmäder of Hoechst Iberica, and he foresees a survival chance only for the large ones and those capable of doing their own research. Parallel with Catalonia's acquisition of a new quality as a location due to membership in the EC, a change--at present not very noticeable, but inevitable--in its industrial structure is beginning.

International electronic enterprises are discovering Catalonia as a new location. Particularly striking so far is the concentration on Catalonia of Japanese investments in Spain. After the FRG, Spain is the second most important target country of Japanese investors in Europe. Yet not everything is happening in the sector of electronics, as demonstrated by the Nissan involvement in the Spanish commercial vehicle manufacturer, Motor Iberica; still, industrial and consumer electronics play a major part. At the time of joining the EC, there already were more than 60 Spanish-Japanese joint ventures or Japanese majority holdings; more than 250 Japanese enterprises had concluded technical cooperation contracts or licencing and know-how agreements with Spanish enterprises.

In the case of "high-tech" investments, Barcelona time and again is in strong competition with Madrid. While AT&T decided on Madrid for its European semiconductor production--after all, it is a joint project with the quasi-governmental telephone company--, after long soul-searching, Siemens gave preference to its traditional location in Conrella near Barcelona for its new Spanish research and development center. In a parallel move, an agreement was concluded with the three Catalan universities for research and development cooperation. This example demonstrates that Catalonia, in addition to its very favorable geographic location and very good transportation facilities, can also advance a third, and perhaps most important, advantage. An educational, training and research capacity, far above the country's average, guarantees a qualified labor force on all levels. While, above all, the acknowledged scientific qualification of engineers and chemical scientists makes possible investments by established foreign enterprises possible, in the case of numerous follow-up investments there appears an extensive need for qualified business, administrative and technical personnel, often difficult to satisfy. In Spain, this is due to the lack of a developed occupational training system in the German sense. This is one of the most serious deficiencies of the Spanish economy.

A few years ago, this circumstance brought about one of the most fruitful joint initiatives carried out by German subsidiary companies in Spain. They founded the Asociacion Hispano-Alemana de Enseñanzas Técnicas (ASET), at first in Barcelona, later in Madrid, also; this proven dual system provides training for business administration employees. Furthermore, in Barcelona training for forwarding agents is offered; in Madrid, for bank officers. The diploma countersigned by the German Industry and Trade Association (DIHT) is the equivalent of the German commercial training certificate.

Catalonia was not spared the effects of the Spanish economic crisis, going on for years. At present, the unemployment rate stands at 22 percent, precisely the average of the entire country. Hardest-hit are mostly emigrants from within the country, primarily unskilled labor from Andalusia which streamed into the industrial belt of Barcelona in the 1960's, the years of "desarrollo," the frequently very disorderly and stormy economic growth in Spain. At the onset of the crisis, in the mid-Seventies, they were the first to lose their simple jobs. It is, however, an indication of the great assimilative power and inner stability of Catalan society that the danger of a socially virulent industrial proletariat was avoided despite this worrisome development.

As elsewhere in Spain, it is a priority goal of economic policy in Catalonia to create as large a number of new jobs as possible, meaning the legal, not the shadowy, side of the economy. A broad range of promotion tools also benefits foreign investors. This extends from the possibility of acquiring commercial lands locally free of cost, or at reduced prices, to rebates in interest rates and soft credits for small and medium-size businesses, to tax credits for investments in new physical assets, and

fixed credits for creating new jobs. Direct job promotion is helped by reductions in social security taxes and direct subsidies between 120,000 and 2 million pesetas for each newly created job.

A special feature are the so-called zones of urgent re-industrialization, legally created on a central government basis, called "ZUR" for short (zona de urgente reindustrializacion). In the industrial area of Barcelona, also, such a ZUR was created. As before, the licence procedure for foreign investments, however, must be done through central government authorities in Madrid. But after the various liberalization steps of recent years, this has become rather a type of formalized registration procedure for the great majority of investment projects.

True licence procedures with the possibility of being turned down, which must seriously be taken into account, still exist for only a very few economic sectors (banks, insurance companies, media, air transport, and of course, all defense-related industries). But in contrast to former years, hardly any difficulties are being reported for such procedures.

The desire of the Catalan state government for even more independence with regard to an even more dynamic industrial policy and, if possible, with its own authority in the foreign trade sector, is something else, however. Neither the constitution nor the statute on autonomy provides for that, so far. As liberal-minded entrepreneurs, the Catalans sometimes resent noticeable restrictions--especially if party politics from the direction of Madrid are involved. If this happens, one has to acquiesce.

9917

CSO: 3620/746

INCREASE SEEN IN PUBLIC, PRIVATE SERVICE SECTORS

Barcelona LA VANGUARDIA in Spanish 21 Jun 86 p 56

[Article by Josep M. Carrau: "Employment in Services Increases"]

[Text] After publication of the results of a survey of the working population for the first quarter, I commented about 2 weeks ago on the favorable trend of job statistics here.

According to INE [National Statistics Institute] statistics, 120,000 new jobs have been created in the second half of 1985 and the first quarter of 1986. Therefore, I said that it could be stated that the loss of jobs had ended.

There is, however, one very important aspect that was not covered then for obvious limitations of space. If true, it could completely change the previous conclusion.

To what point is the creation of 120,000 new jobs due to the growth of employment in public administration? This increase is not due only to an increase in jobs in this sector although it has been the only sector which has had a major net increase in jobs throughout the economic crisis.

As is known, employment in public administration has increased by 350,000 people from 1977 to 1985.

The chart on the evolution of employment by sector shows how public administration has been the only sector that has been creating new jobs continuously throughout these years. It also shows that 1985 was a particularly expansive year.

Successive reductions in the level of employment in agriculture has its own dynamics that is explained by the surplus manpower that still exists in this sector compared to other developed countries. According to the latest available data, agriculture employs 16 percent of the total people employed. This figure does not even reach 8 percent in the EEC countries.

Industry lost 50,000 jobs in 1985 but shows a positive balance of 20,000 jobs if we look at the figures beginning in the second quarter of 1985.

Evolution of Employment
(changes in thousands of persons)

Evolución del empleo

(variaciones en miles de personas)

Sector	1982	1983	1984	1985 (1)	II S. 1985 (2) IT. 1986
3) Industria	-127	-37	-105	- 50	+ 20
4) Construcción	- 36	-27	- 54	- 1	- 1
5) Serv. privados	+ 43	-34	-103	+ 84	+101
Subtotal	-120	- 98	-262	+ 33	+120
6) Agricultura	+ 2	-40	- 68	-102	-123
7) Serv. administ. públicas	+ 49	+50	+ 29	+114	+122
8) Total ocupados	- 69	-88	-301	+ 45	+119

(9) FUENTE: Informe Anual del Banco de España.
Indicadores Económicos del Banco de España.

Key:

- | | |
|--------------------------|----------------------------------|
| 1. Second half of 1985 | 7. Public Administration |
| 2. First quarter of 1986 | 8. Total employed |
| 3. Industry | 9. Source: Annual Report of Bank |
| 4. Construction | of Spain; Economic Indicators |
| 5. Private Services | of Bank of Spain |
| 6. Agriculture | |

Construction has been a stable sector. It has not lost any jobs since a few years ago when the drop in employment was particularly intense in this sector.

Private services (trade, hotels, communications, etc.) have had the most noticeable change with the creation of 84,000 new jobs in 1985. This increases to more than 100,000 if we consider only the figures of recent months.

All the nonagricultural sectors, excluding public administration, experienced an increase of 33,000 jobs in 1985. This increases to 120,000 if we consider the evolution of employment beginning in the second half of 1985.

The different evolution experienced by the agricultural sector and public administration--negative in the case of agriculture and positive in the case of public administration--practically compensates for each other, particularly if we take the figures for the second half of 1985 and the first quarter of the current year. Therefore, there is a net creation of jobs that makes it possible to state that the loss of jobs has ended in the nonagricultural sectors--that is, in industry and private services.

7717

CSD: 3548/69

EMPLOYMENT, INVESTMENT RISE IN ELECTRONICS SECTOR REPORTED

Barcelona i.A VANGUARDIA in Spanish 21 Jun 86 p 56

[Article by I. Ambros: "PEIN Means Business Investments in Cataluna of 20.442 Billion Pesetas from 1985 to 1988"; first paragraph is LA VANGUARDIA introduction]

[Text] When forecasts were made in 1983 about the results PEIN [National Information and Electronics Plan] should achieve, few imagined that they would be surpassed. In May 1986, the investment totaled 157,416,000,000 pesetas. Of this amount, 20,442,000,000 are in Cataluna.

Last 13 May, Minister of Industry and Energy Joan Majo gave a speech inaugurating Informat-86 and Exprotronica-86. His speech was filled with optimism for a reason. The forecasts for 1985 in PEIN had been surpassed. For example, there was a 17-percent increase in the use of electronics and information in 1985, 44 billion pesetas more than the forecasts for 1987.

According to data from the Ministry of Industry and Energy, by the middle of May 1986, investment projects under way totaled 157,416,000,000 pesetas. Of these, 13 percent or 20,442,000,000 pesetas correspond to projects being carried out in Cataluna. Some 12,891,000,000 pesetas or 63 percent of this involve agreements with multinational enterprises.

One major project is being carried out by the German company Siemens. With an investment of about 5 billion pesetas from 1985 to 1988, it plans to achieve production during that same period of 8.93 billion pesetas. Some 3 billion pesetas of this production will be exported. This German project includes the creation of 210 new jobs.

Most Important Electronics Agreement

However, the most important investment project through agreements with multinational enterprises is that of the ATT company Microelectronica de Espana, S.A. This company will invest 24.85 billion pesetas and will create 679 new jobs.

Spanish initiatives represent a total investment of 29,222,000,000 pesetas of which approximately 8 percent or 2.25 billion will be in Cataluna. This

investment is 11 percent of the total investment in this region. One major project by the Diemen corporation will invest 455 million pesetas to increase its production of coils to 2 billion pesetas. It is estimated that about 900 million pesetas of this production could be exported.

The broadest investment project that will be carried out by Spanish firms in Spain is one by the military electronics firm Inisel, S.A. Officials of this firm estimate that, during the period 1985-1988, they should invest a total of 7.81 billion pesetas to achieve production of almost 16 billion pesetas.

Development of Pauta Plan

Another aspect of PEIN is the development of the Pauta Plan. Its planned investment for 1985-1988 totals 2,785,000,000 pesetas of which 287 million, or 10 percent, will directly affect Cataluna. Of this last amount, Sei, S.A., will invest 116 million pesetas to manufacture robots while the Total Computer Corporation will invest the remaining 171 million.

However, the main project in this field is being carried out by Investronica, S.A., which is involved in automating the manufacture of clothing. It will invest 457 million pesetas between 1985 and 1988.

Without any question, the subsector that has helped surpass all the forecasts in PEIN has been the information subsector. So far, projects under way in this subsector total 74,875,000,000 pesetas for 1985 to 1988, 48 percent of the total investments. However, this situation is not true for Cataluna where these investments only represent 6 percent of the total planned--that is, a little more than 5 billion pesetas.

The main information projects under PEIN that will affect Cataluna are projects by Hewlett Packard, Hispano Olivetti, and Telesincro with investments of 2 billion, 1.712 billion, and 1.032 billion pesetas, respectively, for the period 1985-1988. However, these seem small compared to the dimensions of the project of the U.S. multinational firm IBM which plans to invest 40 billion pesetas between 1985 and 1988 for a production at the end of this period of 87 billion pesetas. About 86 billion of this will be from exports. This U.S. company will create 732 new jobs through this project.

Exports, Employment

As to the repercussions of PEIN in Cataluna compared to the rest of Spain, there will be a considerable increase in production in 1988 compared to investments. Therefore, while the economic efforts that the firms will carry out in this region barely represent 13 percent of the total, production here will represent almost 21 percent.

The ratio for exports and new jobs compared to the rest of Spain is similar to this ratio for investments. It is estimated that sales abroad will bring in 33,329,000,000 pesetas, 15.5 percent, for the firms in Cataluna while the ratio of new jobs in Cataluna is 14.3 percent.

PEIN Figures (Projects Under Way)

Las cifras del PEIN (proyectos en ejecución)								
	(1) Inversión		(2) Producción		(3) Exportaciones		(4) Creación puestos	
	1985-88		1988		1988		de trabajo	
	(5) (mill. pts.)		(mill. pts.)		(mill. pts.)		1985-88	
	(6) España		Cataluña		España		Cataluña	
(7) Acuerdos multinacionales	50.561	12.891	131.144	52.142	36.104	14.699	1.385	461
(8) Proyectos españoles	29.222	2.250	115.671	11.665	36.198	6.595	1.927	360
(9) Plan PAUTA	2.758	287	4.223		2.123		63	
(10) Sector informático	74.857	5.014	172.144	24.044	139.855	12.035	3.388	150
TOTAL	157.416	20.442	423.182	87.851	214.280	33.329	6.763	971
(11) Datos: Ministerio de Industria y Energía								

Key:

- | | |
|------------------------|---|
| 1. Investment | 7. Multinational agreements |
| 2. Production | 8. Spanish projects |
| 3. Exports | 9. Pauta Plan |
| 4. Jobs Created | 10. Information sector |
| 5. Millions of pesetas | 11. Data: Ministry of Industry and Energy |
| 6. Spain | |

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THOMSON-CSF MILITARY RESEARCH PROJECTS REVIEWED

Radar, Sonar Developments Revealed

Paris ELECTRONIQUE ACTUALITES in French 20 Jun 86 p 12

[Article by H. Pradenc; first paragraph is ELECTRONIQUE ACTUALITES introduction]

[Text] Toulon—At Thomson-CSF [Thomson-General Wireless Company], naval equipment accounts for about 4.5 billion francs in turnover, 45 percent of which represents exports. It is a field in which important developments are taking place in connection with sensors and digital processing. This effort is particularly significant at the Thomson-SINTRA [Company for New Radio Techniques] Underwater Activities Company, which devotes some 15 percent of its earnings to the design of sonars and related processors. Important work is also being done by the Defense and Control Systems Division, which is placing earnest hopes in the use of multipurpose naval radar.

Thomson-CSF's naval activity, which is part of its Equipment and Systems Branch—an entity with 42,000 employees and a turnover in 1985 of 22.4 billion francs (of which 60 percent was generated outside France)—provided sales of 4.5 billion francs in 1985, with 45 percent of that amount representing exports. The Defense and Control Systems Division (SDC) and the Thomson-SINTRA Underwater Activities Company are each responsible for one-third of that activity. Other divisions and subsidiaries of the group account for the remaining third: the Electronic Systems Division, the Simulator Division, CIMSA-SINTRA, and the LMT-RP. Thomson-CSF's naval export activity is declining in comparison with the average for the Equipment and Systems Branch. Its naval activity is also faced with slow domestic orders and the uncertainty still surrounding the start of such programs as that for the French nuclear-powered aircraft carrier. Reexamination of the military program law by the new administration is contributing to the wait-and-see atmosphere.

Navifrance Joint Subsidiary Group

As far as exports are concerned, we recall that Thomson-CSF and the DCN set up a GIE [joint subsidiary group] called Navifrance a year ago to provide foreign countries with services leading to the definition of ships meeting the needs

of navies. Such a step is obviously worthwhile from the standpoint of sales of Thomson-CSF equipment, even though the GIE offers to incorporate into the vessel whatever equipment the customer wants. What Navifrance has on its shelves in particular is a family of vessels derived from the F-2000 Sarawi frigate. The 10th Naval Exhibition, which will be held at Le Bourget in the autumn of 1986, will be especially important for promoting that GIE.

The Le Bourget Naval Exhibition will also provide Thomson-CSF with an opportunity to present new concepts in the field of submarines, with the submarine now being viewed as an integrated system. Being grafted onto a bus are the sonars--the key components of those vessels--and a very powerful digital processing system that will be shared by all the sensors. Among the other new concepts relative to submarines, Thomson-CSF mentions the hardening of systems against enemy countermeasures and measures relating to aircraft detection. Those developments are being pursued by Thomson-SINTRA Underwater Activities, a company that in 1985 recorded 1.122 billion francs in turnover and 1.5 billion francs in orders, 50 percent of them for export. Half of its foreign orders come from NATO members.

New Sonar Programs

Sonars account for half of the Thomson-SINTRA Underwater Activities firm's operations. That firm, which collaborated with Raytheon in designing a sonar for the U.S. Navy, is currently working with GESMA [Atlantic Underwater Study Group] to develop the DUBM-42 sonar, a new French program for surveillance of the continental shelf. The firm is also developing, with support from the DRET [Directorate Of Research and Technical Studies for Armament] and cooperation from GESMA, a new type of wire communication using optical fibers, a technology providing a definite acceleration in the flow of sonar data. The use of lasers in underwater detection is also being studied in cooperation with the DRET, GESMA, and IFREMER.

A series of developments is underway in the field of sonobuoys. We note in particular that the DICASS directional active buoy has entered the industrialization phase, that a preliminary study of low-cost buoys has begun, and that the French Navy has announced its intention to develop a DIFAR bidirectional passive buoy. In the field of signal processing, Thomson-SINTRA is now producing equipment for the ATL-2 known as SADANG. The first deliveries will be made in 1987. Also under development is a signal processor capable of 1 billion operations per second. Speeds of 160 million operations per second (more than that attained by the Cray-1) are currently being achieved.

Electronic Scanning

As is known, radars constitute the vital component of surface vessels. Current development programs at Thomson-CSF's Defense and Control Systems Division are concerned with two-dimensional surveillance systems, multipurpose radars, and fire control radars. The future belongs to multipurpose radars capable of facing up to multiple threats and handling surveillance. We recall that last year, the group bought a controlling interest in the Radant Research

Company (SER) so as to benefit from the latter's know-how in developing the future radars, notably in the field of air defense. The SER possesses know-how in the field of electronic scanning antennas and their applications to radar and electronic countermeasures. The advantage of a multipurpose radar is that it can provide airspace surveillance, fire control for missiles and guns, and in-flight guidance for missiles with homing heads.

The Arabel, the prototype of which is now being manufactured, constitutes one example of this radar category. It should be recalled that the Arabel is intended for the SAAN-90 weapon system that will equip the nuclear-powered aircraft carriers. For air defense, the DRBJ-11-B three-dimensional surveillance radar represents another application of electronic scanning antennas. This radar is intended for the antiaircraft corvettes and the nuclear-powered aircraft carriers. It is operational. We also note that the Crotale system has a new radar, the Castor-II-J, which tracks targets at a very low elevation angle and is characterized by a very narrow elevation bandwith and an elaborate specific processing system.

Communications System Research Described

Paris ELECTRONIQUE ACTUALITES in French 27 Jun 86 p 15

[Text] Fifty years after the start of activities related to radio equipment for military aircraft, the Thomson-CSF Telecommunications Division's Cholet Center has entered the era of electronic warfare. The TRC-950 tactical VHF-FM transceiver represents an outstanding stage in that development. The radio set of the future and the Satellite Radio Communication System (SYRACUSE) will constitute the next generations of military communications equipment.

With over 3,300 employees, the Cholet Center's mission is to design and produce the Thomson-CSF Telecommunications Division's series equipment. In the field of tactical communications, the center produces the entire range of HF and VHF battlefield equipment, most of it for export since the end of the big French programs. Belonging to this field are the new generations of equipment to counter electronic warfare. The TRC-950 frequency-hopping transceiver, which the FAR [Rapid Deployment Force] is beginning to procure, belongs to that category of equipment.

Cholet manufactures HF transmitters and receivers for ground-based communications. More than 3,000 items of equipment of this type have been produced (RS-560, TRC-1800, TRC-394, TRC-241, and TRC-243). In addition, over 100 BLI ERBM-9's and ERBM-10's for frequency-hopping SPIN communications are carried by French surface vessels and submarines. For the past 2 years, electronic warfare studies have been underway at Cholet in the areas of reception, locating, and monitoring. That equipment, combined with direction finders, will soon be supplied to the FAR.

The radiocommunication needs of the Armed Forces are evolving on three fronts. First, the protection of communications from interception and jamming is becoming a priority. Second, the Armed Forces need to transmit an increasingly abundant amount of information: by voice and in the form of text,

maps, pictures, and data. Lastly, the notion of systems and networks has also made its appearance in this sector. These current requirements can be met only by advanced technology. To provide equipment of the next generation, greater use will be made of microelectronics. This will be the case, for example, with the radio set of the future, studies for which are underway at the center in cooperation with the division's Gennevilliers Center on behalf of the SEFT. In particular, this equipment will include 12 VLSI circuits, whereas the TRC-950 has 7.

Integration on silicon will also be very extensive in the case of the radio set of the future.

The Cholet Center also produces encryption systems and participates actively in the new generation of high-security equipment, particularly for the SYRACUSE program through its production of the MAC module.

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STUDY OF SHORT-RANGE ANTITANK MISSILE ANNOUNCED

Paris LIBERATION in French 12-13 Jul 86 p 5

[Article by Jean Guisnel]

[Text] The Army is marching faster than the band--its own military band--is playing. In a communique published on 10 July in the weekly SIRPA-ACTUALITE--a Ministry of Defense publication distributed by the Armed Forces Information and Public Relations Department (SIRPA)--the Army General Staff announced that it had received a "green light for the ACCP" (short-range antitank missile), whose "scheduled entry into service at the end of this decade will provide the infantry units with formidable antitank capability through the end of the century."

By publishing that somewhat triumphant piece of news, the general staff seems to be saying that the missile is in fact going to be produced, whereas the "start of development," which is the only decision actually made so far, means simply that the General Delegation for Armament is going to make a detailed study, lasting many months into the future, of the prototypes that will be submitted to it by the aerospace industry, which is the manufacturer of the ACCP. That period of intensive tests will then be followed--if the government says so--by a proper purchase contract on behalf of the Army. But we are a long way from reaching that point.

Over the past several weeks, Minister of Defense Andre Giraud has had occasion to point out many times that all equipment programs for the Armed Forces are currently being "reexamined" as part of the discussion concerning preparation of the military program law. Although nothing is to be allowed to slip through that net of thorough study, it is obvious that the construction of an aircraft carrier or the start of work on a new strategic missile will be scrutinized more closely than plans for procuring new antitank missiles, even though it appears that the need for the latter is not going to be called into question. All the same, for the purpose of keeping passions out of the choices that will be made in drawing up the military program law, certain manufacturers have been ordered not to mention the possible signing of development contracts to the press, and this applies to the ACCP in particular. According to a reliable source, that same rule also applied to the general staffs.

The fact that the Army tried to give a little nudge to what it is already presenting as its basic antitank missile of the future--it would like to have thousands of them--is easily understandable. The ACCP is in fact a weapon of revolutionary design without equal anywhere in the world today. Its chief claim to originality is that it can be fired from an enclosed space because of the very low ejection charge required. Propelled by a new "brute force" piloting system, it is fired at very low speed (20 meters per second) and is guided by nozzles located in the middle of the body of the missile. This wire-guided missile, which is effective at from 25 to 600 meters against every type of armor now in existence or planned through the year 2000, is said by by AEROSPATIALE [National Industrial Aerospace Company] to be particularly economical. Although its price has not been revealed, its manufacturer points out that "its design was dominated by a search for the simplest and most compact solutions... with its ammunition mass being limited to 11 kilograms and with an effort being made to keep its cost compatible with wide distribution within the infantry." Quite obviously, those characteristics captivated the Army--a little too quickly.

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DEFENSE MINISTER FAVORS PARTICIPATION IN NATO

Madrid ABC in Spanish 25 May 86 p 3

[Article by Narcis Serra]

[Text] To contribute to the defense of the liberty and democracy of Spain and our neighboring countries, to the defense of the West in sum, is one of our defense objectives pointed out by the president in the National Defense Directive with which in 1984 began the cycle that has given rise for the first time in the history of Spain to the General National Defense Plan and the Joint Strategic Plan.

This commitment, undertaken in an autonomous and sovereign way by Spain, harmonizes and extends into the freely accepted obligations that we have with the Atlantic Alliance, as one more loyal member, which we have been since 1982. Naturally, to belong to the organization of countries under a treaty created for mutual defense only makes sense if a military contribution is made to it, which in no way--let this question be clear--supposes the need, or in our case even the convenience, of having to do so from the integrated command structure, or military structure as it is called colloquially.

Spain, and in this there is no trace of contradiction with the conditions established in the preamble to the question in the referendum held last March, is ready to contribute from its particular position--all the member countries have different conditions--to military defense, to the development of arms cooperation, to the support of certain civil plans and the permanent dialogue to achieve disarmament.

I shall refer briefly to Spain's possible contributions in these aspects. The first question, an important one, is to stress that the most serious contribution we can make militarily to the alliance is to defend our own territory well, including our air and sea space and the Balearic Islands-Gibraltar-Canary Islands axis. Spain has the role of an intermediate base between air and sea reinforcements coming from the other side of the Atlantic and the European Command.

In the area of arms cooperation we participate in all the projects that--represented by the national arms directors--are carried out within the Alliance, in the Eurogroup and in the Independent European Group of

Programs, an organization formed by all the European member countries of the Alliance that is presided in 1986 and 1987 by Spain. Our active presence in these organizations and programs provides our country with advanced technology that we would not be able to obtain with our own resources, allows us to take part in research projects and participate in co-fabrication programs with undoubted industrial and commercial benefits for our industries and indisputable advantages for the national economy. In this area Spain contributes an industrial potential that is not to be disdained, its labor force and also a market that can absorb the products resulting from this multilateral cooperation.

The geostrategic situation of our country and the development of the Spanish economy and industry can also provide undeniable support to all the alliance's civil plans, such as transport, coverage and care of possible refugees as a result of any conflicts that may arise, the supply of fuel and food, among others.

Belonging to the Alliance also provides a privileged, perhaps unique framework to work seriously toward arms reduction, which is a basic question in the Socialist government's actions. Through the disarmament forums that exist today within the framework of the Alliance and outside it, Spain lets its voice be heard in the collective processes for defining positions, and participates in disarmament negotiations, contributing in this way to reaffirming the will of the Spanish people proclaimed in the preamble to our Constitution where it says "to collaborate in the strengthening of peaceful relations and effective cooperation between all the peoples of the earth."

Spain's contribution to the Atlantic Alliance is expressed through participation in the planning and programming processes carried out by the Atlantic Council, the Plans Committee--which are the Alliance's real decision-making organizations--and also in the work of the Nuclear Plans Committee and the Military Committee, in which we are present without thereby being obligated to belong to the Integrated Military Command.

It may not be superfluous to recall that the Nuclear Plans Committee is an essentially consultatory body, since any decision on use of nuclear weapons is exclusive to the United States and Great Britain, the only nuclear powers in the group, and in which it suits Spain to be present so as to keep itself informed, just as other non-nuclear countries (Denmark, Norway and Canada) are members, without this affecting or compromising our status as a non-nuclear country. It might be argued that France is not on this committee, but it is also known that it does not need to participate because it has its own nuclear force.

The Military Committee, another organization whose name may give rise to misunderstandings, functions in a military advisory capacity to the Atlantic Council and the Plans Committee, as organs for political decisions. Suffice it to recall that France, which like us does not belong to the Integrated Military Command, participates like Spain in this committee.

The model on which Spain belongs to the Alliance is thus effective and advantageous and scrupulously respects the terms approved by the referendum. We are not and will not be in the integrated military structure, but we will be in all the civil or non-integrated organs that may contribute to the better defense of Spain's interests, contribute to the defense of Europe, which is also our interest, and to being a country in solidarity with the other allies. And all this without losing a jot of our own independence.

Finally, possible participation in some aspects of the Alliance's military budget or the infrastructure program is a result of practical considerations, such as having available communications or warning and security networks that increase our own security and which will have to be established and laid out if the conflict should arise that we all want to avoid by combining detente (disarmament measures, trust, technological and commercial cooperation between East and West) with dissuasion, which is to have available a defense capability sufficient for the adversary to desist from initiating any aggression.

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GOVERNMENT ARMS SALE POLICY QUESTIONED

Madrid EL PAIS in Spanish 11 Jun 86 p 16

[Article by Carlos Yarnoz]

[Text] Madrid--The Socialist executive power authorized during the past legislative session sales of arms to governments that do not respect human rights, such as Chile, and allowed the export of war material to intermediary countries despite knowing that the probable destination of the weapons was a country at war, such as Iraq, according to government sources directly connected with the Regulatory Commission for Foreign Trading in Arms. The arms sales have caused a confrontation in the electoral campaign between Vice President Alfonso Guerra and ex-president Adolfo Suarez.

Alfonso Guerra stated recently at a meeting during the electoral campaign that the Socialist government has sold arms to Chile because it had to fulfill previous contracts signed by the UCD (Union of the Democratic Center) government at the beginning of this decade when Adolfo Suarez, leader of the Democratic and Social Center (CDS) was president.

The contracts, which included the sale of planes, cannons, ammunition, machine guns and antiriot equipment for a total value of 13 billion pesetas, were signed during previous legislative sessions, but it was the Socialist government that authorized the shipping of this material to Chile.

All arms sales abroad have to be authorized by the above interministerial commission, which is composed of the directors general of the ministries of foreign affairs, defense, industry and economy. In the case of Chile this commission authorized during the past legislative session the sale of 21 C-101 planes by Construcciones Aeronauticas SA (CASA)--another 16 had previously been supplied--recoilless cannon from the Empresa Nacional Santa Barbara, heavy machine guns from CETME, bombs, and ammunition of various types.

The sources asserted that the Socialist government, through the commission, could have prevented the supply of this war material to Chile, as it did--this was only exception--in forbidding the sale of antiriot equipment to that Latin American country. At the present time, furthermore, two projects for collaboration with Chile in the area of military industry are

under way. One is the proposed sale of two C-101 flight simulators and the other is the installation in Spain of the Chilean arms firm Cardoen, which specializes in aerial bombs and is trying break into the NATO market.

Countries at War

The Defense Ministry, in explaining the sale of C-101 planes to Chile, has always insisted that they are not offensive weapons but rather training jets. The C-101 was manufactured in Spain for such missions but the version intended for Chile is equipped with a cannon and several bombs as well as Sea Eagle antiship missiles, together with flying and radar systems that are adequate for combat. As a counterpart to the deal with Chile, Spain has bought from that country 40 light planes, Pillan basic training planes, the first of which has already been received by the Air Force.

Spain maintains officially an embargo on arms sale to countries at war, and since April also to Libya. However the commission restricts itself to requiring three legal conditions for arms exports: a certificate of ultimate destination from a country that is not at war; that transport should be effected in vehicles that are not the property of a country at war; and that the plane or ship used as transport should not stop en route at countries that are at war.

Nevertheless, the government, as has been admitted on several occasions by high defense, foreign affairs and commerce officials, is aware that some countries, especially in the Near East, provide ultimate destination certificates although the arms finally go to a third country, particularly Iraq. "Spain, under the present regulations, is formally and legally covered with the ultimate destination certificates," sources in the commission have said.

Each member of the commission has the right of veto over any deal, and on several occasions representatives of one department or another, particularly Foreign Affairs, have initially prevented sales of this type, but in some cases the government, which has the last word, has authorized the deal in the end. "It is a nasty little world and the companies apply strong pressure," one high government official has said.

In recent years Iraq has continued receiving recoilless cannon, ammunition of several kinds and aerial bombs, as well as anti-tank BO-105 weapons that were assembled in Spain under license from Germany, although in this case the contract was signed before the outbreak of the Iran-Iraq war. The defense minister, Narcis Serra, said yesterday in Barcelona that he cannot confirm that Spanish arms have arrived in Iraq, Enric Bastardes reports. Serra added that no offensive weapons have been sold--"not even a submachine gun"--to countries that are at war or have dictatorial regimes.

The International Institute for Peace Research has published in Stockholm its annual report on international arms trading and points out that Spain has taken eighth place in the list of arms-exporting countries--ahead of

Israel and Brazil--thanks to sales to Jordan, Mexico, Panama and South Africa during the past year, Ricardo Moreno reports from the Swedish capital.

The Socialist government's policy in authorizing the sale of war material abroad does not include any clause on respect for human rights by the purchasing countries. Amnesty International asked last year that some mention of this kind should be included, and requested stricter legislation in this area, since the government itself admitted in April last year through an authorized spokesman that it is not in control of arms exports.

Defense Minister Narcis Serra said 2 weeks ago that probably before the elections the government would approve new regulations to control arms exports. A high government official said yesterday that "there would be no buyers" if the government refused to export arms to countries that violate human rights.

Communist leader Santiago Carrillo commented yesterday in El Ferrol that the Socialists should not have fulfilled the contracts with Chile, and recalled that in dictatorial countries the weapons are used to prop up dictators, Rocio Garcia reports. Reformist leader Miguel Roca asserts that it is "pointless" to argue about arms policy in the campaign, Jordi Mercader reports.

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